



DRAFT ANNUAL BUDGET
OF
UPHONGOLO MUNICIPALITY
2017/18 TO 2019/20

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

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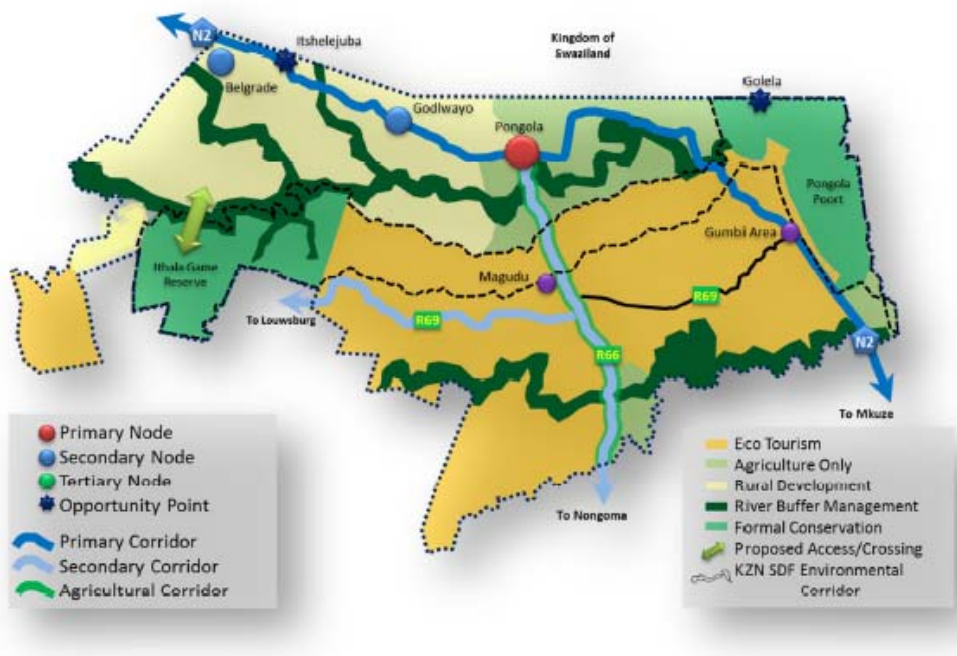
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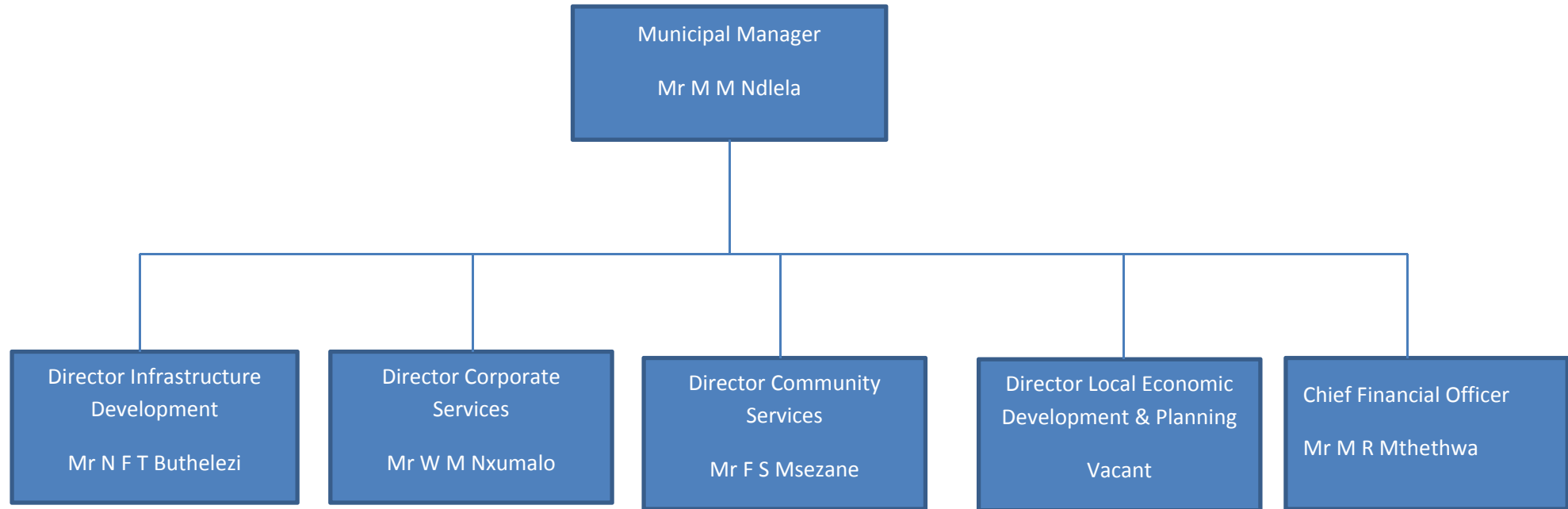
ABBREVIATIONS AND ACRONYMS

CPIX	Consumer Price Index
DoRA	Division of Revenue Act
EXCO	Executive Committee
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
MM	Municipal Manager
MFMA	Municipal Finance Management Act
MPRA	Municipal Property Rates Act
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NT	National Treasury
PT	Provincial Treasury
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan

MAP OF UPHONGOLO AREA



ORGANISATIONAL STRUCTURE



UPHONGOLO MUNICIPALITY PROFILE

VISION OF THE MUNICIPALITY

uPhongolo Local Municipality will evolve into a dynamic socio-economically driven, healthy and sage environment through sustainable service delivery.

MISSION

To ensure provision of sustainable service delivery in order to improve the quality of life of the communities within our area of jurisdiction.

VALUES

- Transparency
- Commitment
- Innovation
- Integrity
- Co-operation

LOCAL ECONOMY

Agriculture and tourism form the basis for the municipality's economy. Large areas of sugarcane and citrus are cultivated in the region. Here is the municipality that provides regional access to a wide range of tourist attractions outside its boundaries. It has within its area of jurisdiction two key tourist attractions: The Ithala Game Reserve and Pongolapoort dam. The attractions are complemented by a large number of game reserves, on which a number of lodges and other tourist facilities are located.

CLIMATE

The uPhongolo Municipality has a hot climate with sunshine for the most part of the year.

STATE OF THE ECONOMY

The 2017/18 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. Growth in developing economies has moderated in response to lower commodity prices, subdued domestic demand and reduced capital inflows. Growth in some developed economies has offset this slowdown. The South African economy is expected to grow by 1.3 per cent in 2018, 2.0 per cent in 2019 and 2.2 per cent in 2020. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, pose some risk to the inflation outlook. Furthermore, the electricity supply shortages pose the largest domestic risk to growth.

Persistent high unemployment remains one of South Africa's most pressing challenges. Difficult trading conditions and low business confidence levels have limited hiring during 2017. The formal

sector lost 76 000 jobs, with sharp declines in manufacturing and construction, as well as community, social and personal services.

PART 1

DRAFT ANNUAL BUDGET

REPORT TO EXECUTIVE COMMITTEE

MTREF DRAFT BUDGET- 2017/19

PURPOSE

The purpose of this report is to obtain approval for the Medium Term Revenue and Expenditure Framework (MTREF) Draft budget 2017/18- 2019/20 to be approved in terms of section 16 of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) and applicable National Treasury finance management reform requirements.

1.2 COUNCIL RESOLUTIONS

RESOLVED BY COUNCIL

1. **THAT** the annual budget for the 2017/18 MTREF for different votes be approved as set out by the following tables:

1.1	Table A1	:	Budget summary
1.2	Table A2	:	Budget financial performance
1.3	Table A3	:	Budget financial performance (municipal vote)
1.4	Table A4	:	Budget financial performance by revenue source and expenditure type
1.5	Table A5	:	Budgeted capital expenditure by vote
1.6	Table A6	:	Budgeted financial position
1.7	Table A7	:	Budgeted cash flows
1.8	Table A8	:	Cash backed reserves (accumulated surplus reconciliation)
1.9	Table A9	:	Asset Management
1.10	Table A10	:	Consolidated basic service delivery measurement

2. **THAT** in terms of Section 75A of the Local Government Municipal Systems Act, 32 of 2000, interest be recovered on amounts outstanding for periods longer than thirty (30) days on all debtor accounts at a rate equal to the prime bank overdraft rate applicable from time to time.

3. **THAT** in terms of Section 75A of the Local Government Municipal Systems Act, 32 of 2000 and Section 24 of Local Government Municipal Property Rates Act, 6 of 2004, approves with effect from 1 July 2017 that property tax be levied on the market value of all rateable properties subject to the allowed rebates, exemptions and reductions as follows:

3.1

CATEGORY	Proposed 2017/18	Current 2016/17
	Cents in R	Cents in R
Residential with the exclusion of the first R15 000 of assessed market value, a further R45 000 reduction on the market value of a residential property.	0.013697	0.013697
State owned property	0.0171212	0.0171212
Business and commercial properties	0.0171212	0.0171212
Agricultural properties	0.0034247	0.0034247
Vacant land	0.0171212	0.0171212
Public service infrastructure	0.0034247	0.0034247
Rural communal land	0.0171212	0.0171212
Special non-market properties	0.0171212	0.0171212

3.2 Rebates

3.2.1 That a 100 per cent rebate be granted to registered indigents in terms of the Indigent Policy.

3.2.2. That a 20 per cent rebate be allowed to pensioners, physically and mentally disabled persons. In this regard the following stipulations are relevant:

- The rateable property concerned must be occupied by the applicant and his/her spouse, if any, and by dependants without income;
- The owner must be living permanently on the property;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension; and
- The property must be categorized as residential.

3.2.4 The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport.

3.3 Exemptions:

That in terms of Section 15(1)(a) of the MPRA, Act 6 of 2004, the following categories be exempted from payment of a rate levied on their property:

3.3.1 rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 100 of 1978.

3.3.2 rateable property owned by public benefit organisations and used for a specific public benefit activity as listed in item 1,2 and 4 of part 1 of the ninth schedule to the Income Tax Act.

3.3.3 rateable property owned by organisations performing charitable work.

3.3.4 sport grounds used for the purposes of amateur sport and any social activities which are connected with such sport.

3.3.5 properties in the “**municipal**” category unless a lease or sale agreement for such a property, or part thereof exists.

3.3.6 on the first 30% of the market value of public service infrastructure.

3.3.7 on the first R15 000 of the market value of the property assigned in the valuation roll to a category determined by the municipality:

- (i) for residential purposes and duets not subject to a sectional title scheme, or

- (ii) for properties used for multiple purposes, provided one or more components of the property and which forms a major part of the property, are used for residential purposes.

3.3.8 on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

3.3.9 on those parts of a special nature reserve, national park or national reserve with meaning of Protected Areas Act or a national botanical garden within the meaning of National Management Biodiversity Act, 2004 which are not developed or used for commercial business, or residential agricultural purposes.

The owners of such properties mentioned above must apply to the Chief Financial Officer in the prescribed format for such a grant.

3.4 That all property rates as per paragraph 3.1 above be subjected to Value Added Tax at a zero rate.

4. **THAT** the fees for the removal of solid waste (refuse), whether the service is delivered or not, as published be approved with effect from 1 July 2017 as follows:

4.1 Tariff of charges

	Proposed Tariff 2017/18	Current Tariff 2016/17	Change
Belgrade:			
Residential property - removed twice per week (per bin)	128.48	128.48	
Business – removed twice per week (per bin)	171.30	171.30	
Government and departments removed twice per week (per bin)	171.30	171.30	
Urban			
Residential – twice per week	137.82	137.82	
Residential (Departmental) – twice per week (per bin)	137.82	137.82	
Businesses removed daily per month	1 595.27	1 595.27	
Vacant land per month	48.83	48.83	
Sectional titles removed twice per week	137.82	137.82	
Garden refuse – per meter load or part thereof	137.82	137.82	
Building rubble – per meter load or part thereof	275.64	275.64	
Residential block of flats per unit (per month)	137.82	137.82	

4.1.2 That for all indigent consumers enlisted under the Council's indigent support and free basic services scheme of all dwellings in the formalized informal housing

settlement no fees be paid by the consumer and the levy in full be recovered from the proportional equitable share payable by the National Treasury.

4.1.3 That a 20% rebate be allowed to pensioners, physically and mentally disabled persons. In this regard the following stipulations are relevant:

- The rateable property concerned must be occupied by the applicant and his/her spouse, if any, and by dependants without income;
- The owner must be living permanently on the property;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension.

4.1.4 That the fees for the removal of solid waste as per paragraph 4.1 be subjected to Value Added Tax at the standard rate.

5. **THAT** the electricity tariffs for the 2017/18 financial year be approved with effect from 1 July 2017 as follows:

Category	Proposed Tariffs	Current Tariffs	Change
Domestic: - Basic - Plus			
Undeveloped stands - Basic			
Business/Commercial: - Basic - Plus			
Bulk Consumers: - Basic - Demand charge - KVA - Energy charge - kwh			

5.1.1 That the electricity tariffs be approved subject to the final NERSA approval and be adjusted accordingly should further increases be approved for ESKOM.

5.2 That the fees for the removal of solid waste as per paragraph 4.1 be subjected to Value Added Tax at the standard rate.

6. **THAT** the following budget related policies be approved for implementation from 1 July 2017:

6.1 Free basic services and indigent policy

- 6.2 Supply chain management policy
 - 6.3 Tariff policy
 - 6.4 Travelling and subsistence policy
 - 6.5 Asset management policy
 - 6.6 Borrowing management policy
 - 6.7 Funding and reserves policy
 - 6.8 Property rates policy
 - 6.9 Virement policy
 - 6.10 Investment and cash management investment
 - 6.11 Credit and debt collection policy
 - 6.12 Budget policy
 - 6.13 Petty cash policy
- 7. **THAT** the approved budget in both printed and electronic formats be submitted to National and Provincial Treasury.
 - 8. **THAT** the approved budget be placed on the municipal website within five (5) working days from date of approval.
 - 9. **THAT** the approved budget and supporting documentation with Council resolution be made public in terms of Section 2(A) of the Municipal Systems Act, 32 of 2000 within ten (10) working days after Council approval.

1.3 EXECUTIVE SUMMARY

The year 2016/17 has been challenging and very demanding but due to the emphasis on cost control and the introduction of austerity measures this has somewhat assisted the municipality to reduce the adverse impact of the slow economic recovery.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

National Treasury's MFMA Circulars No. 86 and 79 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move

towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The following macro-economic forecasts have been taken into consideration when preparing the 2017/18 budgets and MTREF.

Inflation forecast	2017 Estimate	2018 Forecast	2019 Forecast	2020 Forecast
CPI Inflation	4.4%	6.4%	5.7%	5.6%

Nersa approved guidelines on municipal electricity price increase for the 2017/18 financial year. A guideline increase of 8% has been approved based on the following assumptions:

- Bulk purchases have increased by 8% in line with Eskom electricity tariff increases to municipalities.
- A consumer price index (CPI) of 6.4% as indicated in the Medium Term Budget Policy Statement (MTBPS) 2016.

The South African Bargaining Council has entered into a Salary and Wage Collective Agreement effective 1 July 2015 to 30 June 2018. The following proposed guideline in preparing the 2017/18 budgets:

- 2017/18 financial year: 6.4%
- 2018/19 and 2019/20 financial years: inflation linked increase + 1%

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2017/18 MTREF

Summary of Budget Statement				
Description	Adjustment Budget 2016/17	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Operating Revenue	(192 031 464)	(231 282 968)	(224 401 112)	(251 234 426)
Total Capital Revenue	(58 779 000)	(36 303 950)	(39 701 400)	(45 176 750)
Total Operating Expenditure	209 066 414	217 922 158	224 939 901	237 503 411
Total Capital Expenditure	85 995 735	49 642 350	51 230 400	50 876 750
<i>SURPLUS/(DEFICIT)</i>	44 251 685	22 410	5 932 211	8 031 015
Total Budget	295 062 149	267 564 508	276 170 301	288 380 161

Total operating revenue has grown from R192,031 million to R231,401 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue is projected to be R224,4 million and R251,2 million respectively.

Total capital revenue has decreased from R58,779 million to R36,303 million for the 2017/18 financial year when compared to Adjustment budget 2016/17. For the two outer years, capital revenue is projected to be R39,7 million and R45,1 million respectively.

Total operating expenditure for the 2017/18 financial year has been appropriated at R217,9 million. When compared to R209 066 for the 2016/17 Adjustments Budget, operational expenditure has grown by 4.2% in the 2017/18 budget and projected to be R224,9 million for 2018/19 and R237.5 by 2019/20.

The capital budget of R49,6 million for 2017/18 is 42.2% lesser when compared to the 2016/17 Adjustments Budget and equates to R151,7 million over the MTREF. A substantial portion of the capital expenditure will be funded from conditional grants R36,3 million and borrowings R11,2 million. Funding from internally generated funds amounts to R2,1 million.

1.4 OPERATING REVENUE FRAMEWORK

The municipality's revenue comprises operating revenue which includes property taxes, service charges and operating grants and capital revenues which consists of capital grants, borrowings and internally generated revenue. Therefore, stable sources of revenue are one of the key factors that support the sound financial position of the municipality. In addition to the obvious need to grow the municipality's revenue by increasing its tax base, other means for securing funding for council projects must be explored in a variety of ways. The

municipality does not have the wherewithal of financing the ever-increased capital projects requirements. Sources of capital finance are already stretched with limited scope for further borrowing, consumer pressure to restrict tariff and tax increases, and little likelihood of a structural upward adjustment in grant allocations

For Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and cash management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 77.2% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.
- Improving customer relations and promoting a culture of payment.
- Creating an environment which enhances growth, development and service delivery.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

Revenue Source	Budget 2017/18 R'000	%	Adjustments Budget 2016/17 R'000	%
Property rates	33 493		31 568	
Service charges	48 303		42 479	
Rental of facilities and equipment	717		674	
Licences and permits	1 513		1 422	
Agency services	858		806	
Fines, licences and permits	470		441	
Interest income	8 449		7 940	
Operating transfers and grants	117 306		105 743	
Other income	20 174		958	
TOTAL	231 283		192 031	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operational Transfers and grants constitute a significant percentage of the revenue basket for the Municipality. Rates and service charges comprise a second of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges amounted to R74 million or 38.55%. This increases to R81,7 million (38.57%) 2017/18, R87,3 million (38.87%) and R93,2 million (39.10%) in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

The revenue from property rates totals R33,4 million or 15.8% of total budgeted operation revenue in 2017/18 and increases to R37,3 million by 2019/2020. Electricity revenue amounts to R38,3 million or 18.06% and increases to R42,5 million by 2019/2020.

The revenue from refuse removal totals R9.9 million or 4.7% of total budgeted operation revenue in 2017/18 and increases to R11,1 million by 2019/2020.

Operating grants and transfers totals R117.3 million in the 2017/18 financial year and increase to R130,7 million by 2019/2020. The increase is attributable relates to the equitable share which increases by R17,4 million in the two outer years of the MTREF.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Operating Transfers and Grant Receipts

Operating Transfers and Grant Type	Budget 2017/18	%	Adjustments Budget 2016/17	%
	R'000		R'000	
Equitable share	107 746		97 800	
Municipal Finance Management Grant	1 900		1 825	
Expanded Public Works Programme	4 678		3 021	
Provincialisation of Libraries	1 002		965	
Community Services Grant	376		358	
5% of Municipal Infrastructure Grant	1 437		1 357	
Sport facilities	167		167	
IDP- Public participation	-		250	
TOTAL	117 306		105 743	

Impact of the annual budget

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. Municipalities must

justify in their budget documentation all increases in excess of the 6.4% upper boundary of the South African Reserve Bank's inflation target as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom bulk tariff is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

The proposed revenue adjustments to fully recover costs are as follows:

- ***Property rates***

An average increase of 6.4%.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The new valuation roll was implemented on 1 July 2014. This means that the valuation of properties for the 2017/18 financial year will remain the same except for properties where interim valuations have been done. The rate per category increase for individual properties will be more or less the same.

- ***Sale of Electricity***

An average increase of 8%.

NERSA has announced the revised bulk electricity pricing structure. The new increased tariff of 8% in bulk electricity to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 8% to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge based on the new 8% tariff.

- ***Refuse***

An average increase of 6.4%.

Currently a significant portion of the solid waste removal is outsourced. The waste removal service is operating at a modest surplus. It is widely accepted that the rendering of this service should at least break even. The contractors engaged to clean the town have operational challenges which affect the cleanliness of the town, such as inadequate equipment. It is therefore proposed that the taking up of loans as a strategy for funding of the waste management machinery and equipment be considered and approved to spread the burden over the life span of the assets. As part of the 2017/18 medium-term capital programme, funding has been allocated to waste management department.

An 6.4% increase in the waste removal tariff is proposed from 1 July 2017. Any increase higher than 6.4% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.5 OPERATING EXPENDITURE FRAMEWORK

The expenditure framework for the 2017/18 MTREF is informed by:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- The repairs and maintenance programme;
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made;
- Elimination of spending on non-priority items.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Expenditure by Type	Budget 2017/18	%	Adjustments Budget 2016/17	%
Employee-related cost	76 224		69 876	
Remuneration of councilors	8 746		8 406	
Debt impairment	10 730		10 084	
Depreciation and asset impairment	9 366		8 803	
Finance charges	2 240		2 106	
Bulk purchases – electricity	27 309		27 021	
Other materials	12 405		11 798	
Contracted services	24 098		23 667	
Transfers and grants	5 265		4 948	
Other expenditure	41 540		42 358	
TOTAL	217 922		209 066	

The operating budget provides for total operating expenditure for the 2017/18 financial year of R217,9 million which increases to R220,4 million for the 2019/20 financial year. For the 2016/17 the operating expenditure amounted to R209 million.

Employee-related costs:

The budgeted allocation for employee related costs for the 2017/18 financial year increases from R69.8 million to R76,2 million and equals 34.9% of the total operating expenditure. The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. Salary increases have been factored into this budget at a percentage increase of 7.4% for the 2017/18 financial year. An annual increase of 6.6% has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced to within 3% of the total salary bill.

Remuneration of councilors:

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). As the new upper limits for the 2017/18 financial year have not yet been gazetted, an increase of 5% as in 2016/17 has been taken into account in compiling the Municipality's budget.

Debt impairment:

The provision of debt impairment was determined based on an annual collection rate of 77% and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R10.7 million and increase to R11,9 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Depreciation and asset impairment:

Provision for depreciation, amortisation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R9,3 million for the 2017/18 financial and equates to 4.3% of the total operating expenditure. Provision for the rehabilitation of the landfill site has been adjusted upwards by 6.4% (inflation rate) since there have been no changes since the last valuation.

Finance charges:

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.1% (R242 208) of operating expenditure and increase to R279 382 by 2019/20. The Municipality has not yet reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a

percentage of operational expenditure increasing – rather it remains the same at 0.1% of total operating expenditure by 2019/20.

Bulk purchases - electricity:

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increase of 8% over the 2017/18 MTREF has been factored into the budget appropriations and directly informs the revenue provisions. The expenditure includes distribution losses.

Contracted services:

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R23,6 million and has increased to R24 million in 2017/18. A portion of this expenditure relates to Expanded Public Works Programme (EPWP) one-year projects which address a call by National Government to all municipalities to create jobs in response to the National Development Plan (NDP). As part of the process of identifying further cost efficiencies, the significant portion of the refuse removal is undertaken by the municipality. Further details relating to contracted services can be seen in Table SA1 (see page 69).

Priority given to repairs and maintenance:

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Repairs and maintenance per asset class

Expenditure by Type	Budget 2017/18	%	Adjustments Budget 2016/17	%
Infrastructure – roads	5 591	47.4	5 949	47.9
Infrastructure – electricity	2 554	21.6	2 056	16.6
Other assets	3 653	31	4 400	35.5
TOTAL	11 798	100	12 405	100

The municipality remains committed to maintain infrastructure and an amount of R12,4 million is set aside for the 2017/18 financial year which gradually increases to R13,8 million in 2019/20 financial year.

Repairs and maintenance constitutes 5% of written down value (WDV) of fixed assets. National Treasury indicates a guideline of 8% provision that is considered adequate to secure the ongoing

health of infrastructure assets. However, 5% of the WDV is adequate for the municipality at the moment since the emphasis is still on addressing the infrastructure backlogs.

For the 2017/18 financial year, R8,1 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling, R5,5 million, followed by other assets at R3,6 million. The construction of electricity infrastructure is complete with only infills that are being electrified.

Transfers and grants:

Transfers and grants comprise free basic services. The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to have 8 000 or more registered indigent households during the 2017/18 MTREF. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement) on page 42.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. Qualifying households obtain their free electricity directly from Eskom, hence no foregone revenue is disclosed in Table A10.

Other expenditure:

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Due to none increase in equitable share and minimal growth in own revenue other expenditure has been reduced by cutting down certain non-essential expenditure items. Further details relating to other expenditure can be seen in Table SA1 (see page 69).

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

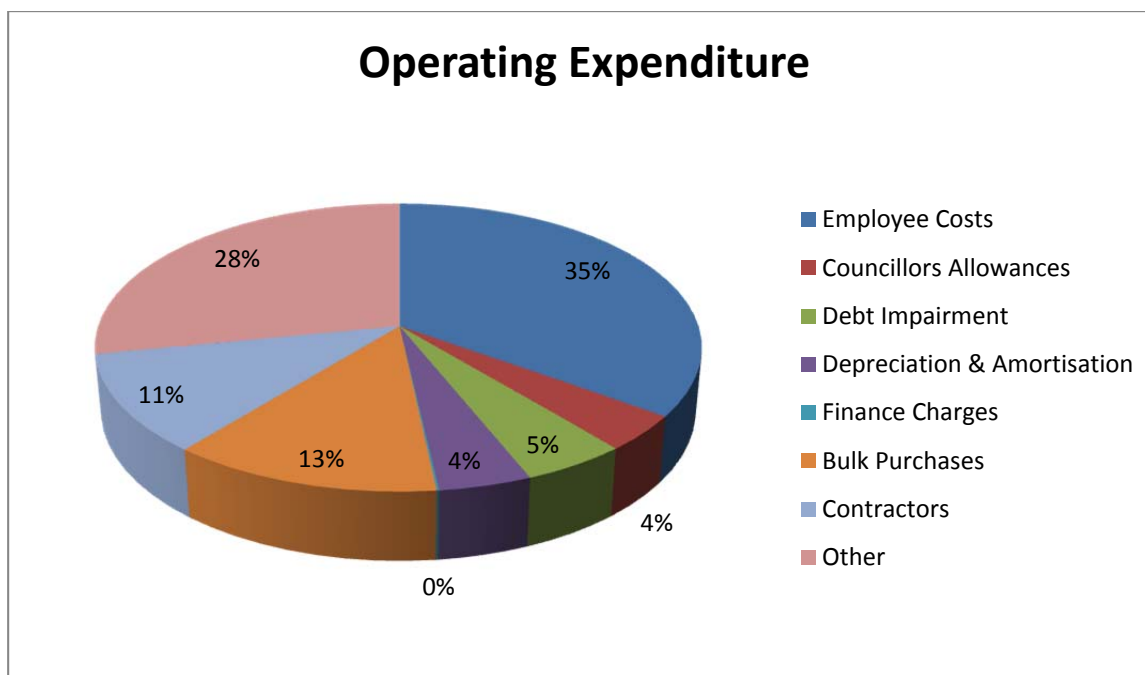


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.4 CAPITAL EXPENDITURE FRAMEWORK

For 2017/18 an amount of R23,7 million has been appropriated for the development of infrastructure which represents 47.8% of the total capital budget. In the outer years this amount totals R23,8 million, or 46.2% and R35,2 million, or 69.2% respectively for each of the financial years.

Total new assets in 2017/18 amount to R49,6 million and R51,5 million, 50,8 million in two outer years 98.9%. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) on page 52. In addition to the Table A9, Tables SA34a, b, c provide a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 106; 107 and 108).

The key capital expenditure in the proposed capital budget for 2017/18 financial year is as follows:

Capital Expenditure asset class	Budget 2017/18	%	Adjustments Budget 2016/17	%
	R'000		R'000	
Roads and storm water infrastructure	14 730	29.7	28 841	33.5
Electricity infrastructure	9 000	18.1	22 928	26.7
Community	15 574	31.4	8 379	9.7

Motor vehicles	4 230	8.5	6 000	6.9
Plant and equipment	5 493	11.0	2 236	2.6
Computer equipment	321	0.65	364	0.42
Furniture and equipment	294	0.65	570	0.66
Civil buildings	-	-	7 496	8.7
Other buildings	-	-	9 182	10.7
TOTAL	49 642	100	85 996	100

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the 2017/18 MTREF.

Capital Expenditure

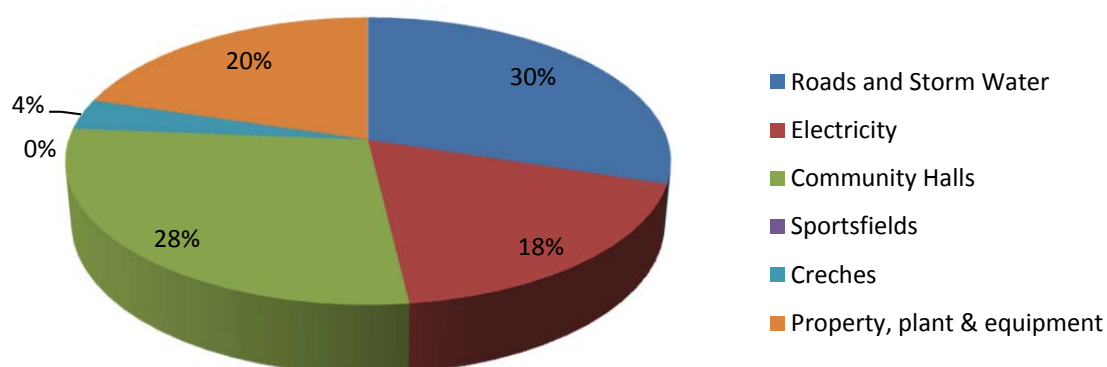


Figure 2 Capital Infrastructure Programme

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Capital Expenditure Allocations	Ward	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20	Source of Funds
		R	R	R	
Community Hall	8	-	2 500 000		MIG
Community Hall	14	-	2 500 000		MIG

Community Hall	12	-		1 500 000	MIG
Belgrade Main Street paving	5	3 898 801			MIG
ZCC to Simunye Road paving	13	1 491 031			MIG
N2 to Thandukukhanya Road paving	7	5 289 926			MIG
Magadlela to Simandla Street Raod paving	2	4 050 340			MIG
Access roads	12		4 654 980		MIG
Access roads	8		3 022 970		MIG
Access roads	15		1 500 000		MIG
Access roads	10		3 648 350		MIG
Access roads	3			6 162 243	MIG
Access roads	13			6 414 243	MIG
Road Tarring	5			7 662 243	MIG
Sporting Complex	4	4 880 970			MIG
Ncotshane Sportfield	10	6 000 000	6 000 000		MIG
Sportfield	8		3 875 100		MIG
Sportfield	6			1 438 020	MIG
Sportfield	15			1 500 000	MIG
Sportfield	13			1 500 000	MIG
Creche –Hlambanyathi	14	846 441			MIG
Creche- Dwarsland	1	846 441			MIG
Creche- Candover	14			1 000 000	MIG
Creche	8			1 000 000	MIG
Creche	10			1 000 000	MIG
Creche	3			1 000 000	MIG
Creche	5		1 000 000		

Capital Expenditure Allocations	Ward	Budget Year 2017/18	Budget Year 2017/19	Budget Year 2019/20	Source of Funds
Sub-total		27 303 950	28 701 400	30 176 750	
Electrification Programme:					
Other		9 000 000	11 000 000	15 000 000	DOE
TOTAL		36 303 950	39 701 400	45 176 750	

Funding of capital expenditure

The ability of the municipality to deliver on progress depends a lot on its funding sources which are summarized below:

Funding source	Budget 2017/18	%	Adjustments Budget 2016/17	%
National capital grants	36 303 950	73.1	58 779 000	76.0
Provincial capital grants	-	-	-	-
Borrowings	11 230 000	22.6	15 000 000	19.3
Internally generated funds	2 108 400	4.3	3 552 183	4.6
TOTAL	49 642 350	100.0	77 331 183	100.0

Funding Source

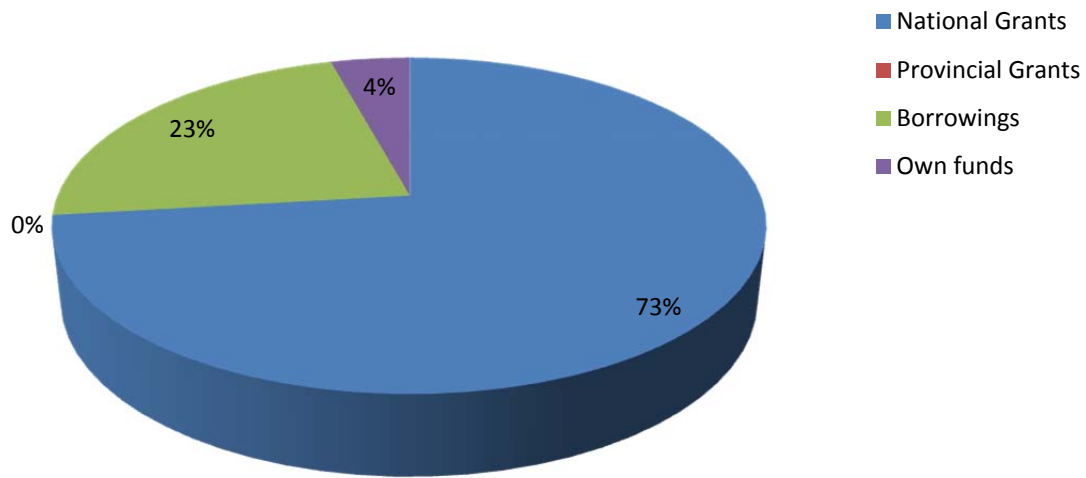


Figure 3 Funding source for the 2017/18 financial year

Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table SA35 on page 110. This table shows that future operational costs associated with the capital programme totals R16,8 million in 2017/18 and escalates R18,7 million by 2019/20.

Annual Budget Tables

Table A1 Budget Summary

KZN262 uPhongolo - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	33,493	35,403	37,385
Service charges	-	-	-	-	-	-	-	48,303	51,937	55,839
Investment revenue	-	-	-	-	-	-	-	1,617	1,709	1,805
Transfers recognised - operational	-	-	-	-	-	-	-	117,306	123,673	130,755
Other own revenue	-	-	-	-	-	-	-	30,563	29,679	25,450
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	231,283	242,401	251,234
Employee costs	-	-	-	-	-	-	-	76,224	81,075	86,173
Remuneration of councillors	-	-	-	-	-	-	-	8,746	9,350	9,987
Depreciation & asset impairment	-	-	-	-	-	-	-	9,366	9,900	10,454
Finance charges	-	-	-	-	-	-	-	242	317	279
Materials and bulk purchases	-	-	-	-	-	-	-	39,713	41,269	42,878
Transfers and grants	-	-	-	-	-	-	-	5,265	5,565	5,876
Other expenditure	-	-	-	-	-	-	-	78,366	77,465	81,856
Total Expenditure	-	-	-	-	-	-	-	217,922	224,940	237,504
Surplus/(Deficit)	-	-	-	-	-	-	-	13,361	17,461	13,730
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	36,304	39,701	45,177
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	49,665	57,163	58,907
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	49,665	57,163	58,907
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	49,642	51,230	50,877
Transfers recognised - capital	-	-	-	-	-	-	-	36,304	39,701	45,177
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	11,230	9,700	4,800
Internally generated funds	-	-	-	-	-	-	-	2,108	1,829	900
Total sources of capital funds	-	-	-	-	-	-	-	49,642	51,230	50,877
Financial position										
Total current assets	-	-	-	-	-	-	-	73,772	86,166	93,941
Total non current assets	-	-	-	-	-	-	-	531,864	571,021	613,711
Total current liabilities	-	-	-	-	-	-	-	52,167	55,140	58,228
Total non current liabilities	-	-	-	-	-	-	-	19,011	17,925	13,485
Community wealth/Equity	-	-	-	-	-	-	-	465,872	492,427	520,003
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	50,945	53,939	52,300
Net cash from (used) investing	-	-	-	-	-	-	-	(49,642)	(51,230)	(50,877)
Net cash from (used) financing	-	-	-	-	-	-	-	8,018	6,567	3,118
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	19,099	28,375	32,916
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	19,099	28,377	32,916
Application of cash and investments	-	-	-	-	-	-	-	10,176	9,658	7,706
Balance - surplus (shortfall)	-	-	-	-	-	-	-	8,924	18,719	25,210
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	49,642	49,642	51,530	50,877
Depreciation	-	-	-	-	-	-	9,367	9,367	9,900	10,454
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	12,405	12,405	13,114	13,850
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	1,781	1,781	1,883	1,988
Households below minimum service level										
Water:	-	-	-	-	-	-	24	24	24	24
Sanitation/sewerage:	-	-	-	-	-	-	27	27	27	27
Energy:	-	-	-	-	-	-	13	13	13	13
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Even though the Council places great emphasis on the financial sustainability of the municipality, this is not to be done at the expense of services to the poor. The section on Free Services shows that the amount spent on free basic services and the revenue cost of free services provided by the municipality continues to increase. In addition the municipality continues to make good progress in addressing service delivery backlogs.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN262 uPhongolo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	121,043	128,409	129,872
Executive and council		-	-	-	-	-	-	21,944	24,281	25,649
Finance and administration		-	-	-	-	-	-	99,100	104,129	104,223
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	23,544	25,053	26,446
Community and social services		-	-	-	-	-	-	9,680	10,631	11,211
Sport and recreation		-	-	-	-	-	-	4,117	4,368	4,614
Public safety		-	-	-	-	-	-	9,146	10,055	10,621
Housing		-	-	-	-	-	-	601	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	56,816	56,091	59,103
Planning and development		-	-	-	-	-	-	46,444	44,615	46,980
Road transport		-	-	-	-	-	-	10,372	11,476	12,123
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	60,132	65,928	73,997
Energy sources		-	-	-	-	-	-	47,586	52,666	59,993
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	12,546	13,261	14,004
<i>Other</i>	4	-	-	-	-	-	-	6,052	6,621	6,993
Total Revenue - Functional	2	-	-	-	-	-	-	267,587	282,103	296,411
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	71,948	76,075	80,363
Executive and council		-	-	-	-	-	-	19,605	20,723	21,883
Finance and administration		-	-	-	-	-	-	52,343	55,352	58,480
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	74,706	73,535	77,592
Community and social services		-	-	-	-	-	-	20,889	22,080	23,316
Sport and recreation		-	-	-	-	-	-	12,141	12,833	13,552
Public safety		-	-	-	-	-	-	14,421	15,243	16,097
Housing		-	-	-	-	-	-	1,211	1,280	1,351
Health		-	-	-	-	-	-	26,044	22,099	23,276
<i>Economic and environmental services</i>		-	-	-	-	-	-	12,867	13,601	14,362
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	12,867	13,601	14,362
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	53,618	56,674	59,848
Energy sources		-	-	-	-	-	-	36,509	38,590	40,751
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	17,108	18,084	19,096
<i>Other</i>	4	-	-	-	-	-	-	4,783	5,056	5,339
Total Expenditure - Functional	3	-	-	-	-	-	-	217,922	224,940	237,504
Surplus/(Deficit) for the year		-	-	-	-	-	-	49,665	57,163	58,907

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN262 uPhongolo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	21,944	24,281	25,649
Vote 2 - Finance and administration		-	-	-	-	-	-	99,100	104,129	104,223
Vote 3 - Community and Social Services		-	-	-	-	-	-	7,847	8,600	9,066
Vote 4 - Sports and Recreation		-	-	-	-	-	-	5,949	6,399	6,759
Vote 5 - Public Safety		-	-	-	-	-	-	9,146	10,055	10,621
Vote 6 - Housing		-	-	-	-	-	-	601	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	46,444	44,615	46,980
Vote 8 - Roads Transport		-	-	-	-	-	-	10,372	11,476	12,123
Vote 9 - Energy Sources		-	-	-	-	-	-	47,586	52,666	59,993
Vote 10 - Waste Management		-	-	-	-	-	-	12,546	13,261	14,004
Vote 11 - Other		-	-	-	-	-	-	6,052	6,621	6,993
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	267,587	282,103	296,411
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	19,605	20,723	21,883
Vote 2 - Finance and administration		-	-	-	-	-	-	52,343	55,352	58,480
Vote 3 - Community and Social Services		-	-	-	-	-	-	20,889	22,080	23,316
Vote 4 - Sports and Recreation		-	-	-	-	-	-	12,141	12,833	13,552
Vote 5 - Public Safety		-	-	-	-	-	-	14,421	15,243	16,097
Vote 6 - Housing		-	-	-	-	-	-	1,211	1,280	1,351
Vote 7 - Planning and Development		-	-	-	-	-	-	26,044	22,099	23,276
Vote 8 - Roads Transport		-	-	-	-	-	-	12,867	13,601	14,362
Vote 9 - Energy Sources		-	-	-	-	-	-	36,509	38,590	40,751
Vote 10 - Waste Management		-	-	-	-	-	-	17,108	18,084	19,096
Vote 11 - Other		-	-	-	-	-	-	4,783	5,056	5,339
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	217,922	224,940	237,504
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	49,665	57,163	58,907

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN262 uPhongolo - Table A4 Budgeted Financial Performance (revenue and expenditure)

KZN262 uPhongolo - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	33,493	35,403	37,385
Service charges - electricity revenue	2	-	-	-	-	-	-	-	38,309	41,374	44,684
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	9,994	10,563	11,155
Service charges - other											
Rental of facilities and equipment									717	758	801
Interest earned - external investments									1,617	1,709	1,805
Interest earned - outstanding debtors									6,831	7,221	7,625
Dividends received									-	-	-
Fines, penalties and forfeits									470	496	524
Licences and permits									1,513	1,599	1,689
Agency services									858	907	957
Transfers and subsidies									117,306	123,673	130,755
Other revenue	2	-	-	-	-	-	-	-	20,174	18,698	13,854
Gains on disposal of PPE									-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	231,283	242,401	251,234
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	76,224	81,075	86,173
Remuneration of councillors									8,746	9,350	9,987
Debt impairment	3								10,730	11,341	11,977
Depreciation & asset impairment	2	-	-	-	-	-	-	-	9,366	9,900	10,454
Finance charges									242	317	279
Bulk purchases	2	-	-	-	-	-	-	-	27,309	28,155	29,028
Other materials	8								12,405	13,114	13,850
Contracted services		-	-	-	-	-	-	-	24,098	25,471	26,898
Transfers and subsidies		-	-	-	-	-	-	-	5,265	5,565	5,876
Other expenditure	4, 5	-	-	-	-	-	-	-	43,539	40,652	42,982
Loss on disposal of PPE											
Total Expenditure		-	-	-	-	-	-	-	217,922	224,940	237,504
Surplus/(Deficit)		-	-	-	-	-	-	-	13,361	17,461	13,730
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									36,304	39,701	45,177
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	49,665	57,163	58,907
Taxation											
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	49,665	57,163	58,907
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	49,665	57,163	58,907
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	49,665	57,163	58,907

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R231,2 million in 2017/18 and escalates to R251,2 million by 2019/20. This represents a year-on-year increase of 9.3% by 2019/20 financial year.
2. Revenue to be generated from property rates is R33,4 million in the 2017/18 financial year and increases to R37,3 million by 2019/20 and represents 14.4% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. The tariff increases have been factored in at 8% for 2017/18 and 5.7% for 2018/19 and 5.6% for 2019/20. The increase of 8% is above the inflation rate of 6.4%
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R48,3 million for the 2017/18 financial year and increasing to R55,8 million by 2019/20. For the 2017/18 financial year services charges amount to 20,8% of the total revenue and slightly increases to 22.2% by 2019/20.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The transfers recognised increase from R117,306 to R130,755 or R13,449 million and comprise 50.7% of the total operating revenue for 2017/18 and increase slightly to 52% by 2019/20.
5. The appropriation for employee salaries and wages for 2017/18 is R76,2 million compared to R66,8 million in 2016/17, The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. Salary increases have been factored into this budget at a percentage increase of 7.4% for the 2017/18 financial year. An annual increase of 6.7% has been included in the two outer years of the MTREF. The percentage of salaries and wages is 34.9% (2016/17: 33.9%) of the total operating budget. In addition expenditure against overtime was significantly reduced to within 3% of the total salary bill.
6. The remuneration of Councillors has been increased by 5% to R8,746 million in 2017/18 from R8,276 million in 2016/17. The approved 2017/18 Upper Limits for Councillors have not yet been gazetted.
7. The budget for bulk purchases of electricity of R27,3 million has been increased by 8% National Treasury Directive in Circular 79. The municipality has submitted a tariff application to NERSA (D-Forms) for 2017/18.
8. The contracted services have increase to 24 million in 2017/18 and increase to R26,8 million by 2019/20. The reason for increase is based on the assumption that certain expenditure will be required in 2017/18. Contracted services represent 11% of the total operating expenditure. The norm is 5%. The above the norm scenario is due to the model of service delivery selected by the municipality.
9. The other expenditure budget amounts to R43,5 million in 2017/18 and decrease to R42,9 million by 2019/20. This represents a cumulative year-on-year decrease of 1.3% by 2017/20. Due to the present unfavourable state of the economy. it has been considered prudent to cut down on certain expenditure items. The other expenditure caters for the day to day operations of the Council.

A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN262 uPhongolo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	6,000	6,000	-
Vote 8 - Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	6,000	6,000	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	587	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	4,187	5,150	150
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	125	29	-
Vote 4 - Sports and Recreation		-	-	-	-	-	-	-	56	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	63	900	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	25,476	27,651	35,727
Vote 8 - Roads Transport		-	-	-	-	-	-	-	3,500	-	-
Vote 9 - Energy Sources		-	-	-	-	-	-	-	9,000	11,000	15,000
Vote 10 - Waste Management		-	-	-	-	-	-	-	650	500	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	43,642	45,230	50,877
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	49,642	51,230	50,877
Capital Expenditure - Functional											
<i>Governance and administration</i>		-	-	-	-	-	-	-	4,774	5,150	150
Executive and council		-	-	-	-	-	-	-	587	-	-
Finance and administration		-	-	-	-	-	-	-	4,187	5,150	150
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	243	929	-
Community and social services		-	-	-	-	-	-	-	180	29	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	63	900	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	34,976	33,651	35,727
Planning and development		-	-	-	-	-	-	-	31,476	33,651	35,727
Road transport		-	-	-	-	-	-	-	3,500	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	9,650	11,500	15,000
Energy sources		-	-	-	-	-	-	-	9,000	11,000	15,000
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	650	500	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	49,642	51,230	50,877
Funded by:											
National Government		-	-	-	-	-	-	-	36,304	39,701	45,177
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	36,304	39,701	45,177
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	11,230	9,700	4,800
Internally generated funds		-	-	-	-	-	-	-	2,108	1,829	900
Total Capital Funding	7	-	-	-	-	-	-	-	49,642	51,230	50,877

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification;

- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R65,6 million has been allocated of the total R82,4 million capital budget, which totals 79.6%. This allocation decreases to R40,5 million in 2017/18 and then increase to R43,8 million in 2018/19 owing primarily to the fact that various projects reach completion in 2017/18 hence the spike in expenditure in year three.
- Single-year capital expenditure has been appropriated at R16,8 million for the 2016/17 financial year and decreases significantly to R10,3 in 2017/18 and R5,7 million is planned for 2018/19.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

Table A6 - Budgeted Financial Position

KZN262 uPhongolo - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									5	5	5
Call investment deposits	1	-	-	-	-	-	-	-	19,095	28,372	32,911
Consumer debtors	1	-	-	-	-	-	-	-	44,515	47,053	49,688
Other debtors									10,157	10,736	11,337
Current portion of long-term receivables									-	-	-
Inventory	2								-	-	-
Total current assets		-	-	-	-	-	-	-	73,772	86,166	93,941
Non current assets											
Long-term receivables									-	-	-
Investments									-	-	-
Investment property									66,065	66,065	66,065
Investment in Associate									-	-	-
Property, plant and equipment	3	-	-	-	-	-	-	-	465,378	504,535	547,226
Agricultural									-	-	-
Biological									-	-	-
Intangible									350	350	350
Other non-current assets									71	71	71
Total non current assets		-	-	-	-	-	-	-	531,864	571,021	613,711
TOTAL ASSETS		-	-	-	-	-	-	-	605,635	657,187	707,652
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	-	-	-	-	-	-	52,167	55,140	58,228
Provisions											
Total current liabilities		-	-	-	-	-	-	-	52,167	55,140	58,228
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	11,230	9,700	4,800
Provisions		-	-	-	-	-	-	-	7,781	8,225	8,685
Total non current liabilities		-	-	-	-	-	-	-	19,011	17,925	13,485
TOTAL LIABILITIES		-	-	-	-	-	-	-	71,178	73,065	71,713
NET ASSETS	5	-	-	-	-	-	-	-	534,458	584,122	635,939
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									465,872	492,427	520,003
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	465,872	492,427	520,003

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 100) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

KZN262 uPhongolo - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									33,493	35,403	37,385
Service charges									48,303	51,937	55,839
Other revenue									4,502	4,759	5,025
Government - operating	1								117,306	123,306	130,755
Government - capital	1								36,304	39,701	45,177
Interest									8,449	8,930	9,430
Dividends									-	-	-
Payments											
Suppliers and employees									(189,907)	(202,164)	(222,934)
Finance charges									(2,240)	(2,368)	(2,501)
Transfers and Grants	1								(5,265)	(5,565)	(5,876)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	50,945	53,939	52,300
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(49,642)	(51,230)	(50,877)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(49,642)	(51,230)	(50,877)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									11,230	9,700	4,800
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									(3,212)	(3,133)	(1,682)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	8,018	6,567	3,118
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	9,321	9,276	4,541
Cash/cash equivalents at the year begin:	2								9,779	19,099	28,375
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	19,099	28,375	32,916

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals R9.7 million as at the end of the 2016/17 financial year and escalate to R19 million by 2017/18.
4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN262 uPhongolo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	19,099	28,375	32,916
Other current investments > 90 days		-	-	-	-	-	-	-	(0)	2	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	-	-	19,099	28,377	32,916
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	10,176	9,658	7,706
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	-	-	10,176	9,658	7,706
Surplus(shortfall)		-	-	-	-	-	-	-	8,924	18,719	25,210

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
4. The municipality has assumed that all conditional grants will be fully spent at year end.
5. All statutory obligations are settled before the end of each accounting period. Monies due/owing in respect of Value-added tax are included in trading creditors and creditors respectively.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF is funded in spite of the reduction in the surplus.

Table A9 - Asset Management

KZN262 uPhongolo - Table A9 Asset Management

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE											
Total New Assets											
	Roads Infrastructure	1	-	-	-	-	-	-	49,642	51,530	50,877
	Storm water Infrastructure		-	-	-	-	-	-	14,730	12,826	20,239
	Electrical Infrastructure		-	-	-	-	-	-	9,000	11,000	15,000
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	23,730	23,826	35,239
	Community Facilities		-	-	-	-	-	-	4,693	6,000	5,500
	Sport and Recreation Facilities		-	-	-	-	-	-	10,881	9,875	4,438
	Community Assets		-	-	-	-	-	-	15,574	15,875	9,938
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	5,000	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	5,000	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	321	150	150
	Furniture and Office Equipment		-	-	-	-	-	-	294	9	-
	Machinery and Equipment		-	-	-	-	-	-	5,493	6,470	5,550
	Transport Assets		-	-	-	-	-	-	4,230	200	-
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets											
	Roads Infrastructure	2	-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets											
	Roads Infrastructure	6	-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure											
	Roads Infrastructure	4	-	-	-	-	-	-	14,730	12,826	20,239
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	9,000	11,000	15,000
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	23,730	23,826	35,239
	Community Facilities		-	-	-	-	-	-	4,693	6,000	5,500
	Sport and Recreation Facilities		-	-	-	-	-	-	10,881	9,875	4,438
	Community Assets		-	-	-	-	-	-	15,574	15,875	9,938
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	5,000	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	5,000	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	321	150	150
	Furniture and Office Equipment		-	-	-	-	-	-	294	9	-
	Machinery and Equipment		-	-	-	-	-	-	5,493	6,470	5,550
	Transport Assets		-	-	-	-	-	-	4,230	200	-
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class											
			-	-	-	-	-	-	49,642	51,530	50,877

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations due to the following:

- The municipality has cash resources challenges.
- There is a huge backlog of roads and electricity infrastructure that the municipality has prioritised for 2017/18 MTREF which requires a significant portion of available cash resources.

Table A10 - Basic Service Delivery Measurement

KZN262 uPhongolo - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	3,660	3,660	3,660
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	21,348	21,348	21,348
Using public tap (at least min.service level)	2	-	-	-	-	-	-	4,270	4,270	4,270
Other water supply (at least min.service level)	4	-	-	-	-	-	-	7,320	7,320	7,320
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	36,598	36,598	36,598
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	24,396	24,396	24,396
No water supply		-	-	-	-	-	-	2	2	2
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	24,398	24,398	24,398
Total number of households	5	-	-	-	-	-	-	60,996	60,996	60,996
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	5,490	5,490	5,490
Flush toilet (with septic tank)		-	-	-	-	-	-	1,720	1,720	1,720
Chemical toilet		-	-	-	-	-	-	3,410	3,410	3,410
Pit toilet (ventilated)		-	-	-	-	-	-	6,348	6,348	6,348
Other toilet provisions (> min.service level)		-	-	-	-	-	-	14,161	14,161	14,161
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	31,129	31,129	31,129
Bucket toilet		-	-	-	-	-	-	478	478	478
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	26,576	26,576	26,576
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	27,054	27,054	27,054
Total number of households	5	-	-	-	-	-	-	58,183	58,183	58,183
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	17,702	17,702	17,702
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	17,702	17,702	17,702
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	12,796	12,796	12,796
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	12,796	12,796	12,796
Total number of households	5	-	-	-	-	-	-	30,498	30,498	30,498
Refuse:										
Removed at least once a week		-	-	-	-	-	-	4,574	4,574	4,574
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	4,574	4,574	4,574
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	4,574	4,574	4,574
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	1,781	1,883	1,988
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	-	-	-	-	-	-	1,781	1,883	1,988

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced significantly in 2017/18. As indicated elsewhere, the emphasis in the electricity sector is on providing electricity infrastructure to the uPhongolo households. Once the most pressing electricity backlog has been addressed, the electricity distribution network will be prioritised. It is pleasing to note that all 15 wards in uPhongolo area have been electrified, therefore the municipality is addressing the issue of infills.
 - b. Refuse services – This function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs. In 2014/15 the municipality acquired its own refuse removal truck and has budgeted to acquire another refuse truck in 2016/17 to improve service delivery
2. The budget provides for 8 000 households to be registered as indigent in 2017/18, and therefore entitled to receiving Free Basic Services. The number is set to increase to 8 300 households by 2019/20 given the unfavourable economic conditions.
3. It is anticipated that these Free Basic Services will cost the municipality R5,2 million in 2017/18, increasing to R5,8 million in 2019/20. This is fully covered by the municipality's equitable share allocation from national government.
4. Currently, the 'free services' represent about 2.4% of total operating expenditure in 2017/18. The present scenario is not acceptable given the large number of indigent households in uPhongolo.

PART 2

SUPPORTING

DOCUMENTATION

2.1 Overview of the annual budget process

2.1.1 Overview

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current direction that the municipality would follow in order to meet legislative requirements.

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of budget. Chapter 2 of the Municipal Budget and Reporting Regulations states that the mayor of the municipality must establish a Budget Steering Committee to provide assistance to the mayor in terms of the responsibilities set out in section 53 of the MFMA.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required time schedule.

The key dates to the process were:

- **July 2016** – Submission of Draft Process Plan to Cogta.
- **August 2016** – Approval of budget preparation timetable by council.
- **August 2016** – Submission of annual financial statements to Auditor General for 2016/17 financial year.
- **September 2016** – Submission of final Process Plan to Cogta.
- **December 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2017** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2017** - Council considers the 2016/17 Mid-year Review and Adjustments Budget;
- **February 2017** – Submit adjustments budget to Council and revise SDBIP.
- **February 2017** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **February 2017** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;

- **March 2017** - Tabling in Council of the draft 2017/18 IDP and draft 2017/18 MTREF for public consultation;
- **April 2017** – Advertise and publish draft IDP for public comments and submit to National and Provincial Treasury.
- **April 2017** – Prepare SDBIP for 2017/18 and submit to National and Provincial Treasury.
- **May 2017** - Closing date for written comments;
- **May 2017** – Finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2017** - Tabling of the 2017/18 MTREF and IDP before Council for consideration and approval.
- **June 2017** – Advertise final IDP and advertise of Municipal website.
- **June 2017** – Advertise 2017/18 MTREF budget on Municipal Website.
- **June 2017** – Submit final IDP and SDBIP to Cogta, National and Provincial Treasury.
- **June 2017** – Submit approved budget to National and Provincial Treasury.
- **July 2017** – Submission of draft performance agreements and plans.
- Publication of SDBIP, performance agreements and performance indicators.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2013. The review started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August 2016.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The

business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Back to basics to improve service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2017/18 MTREF as tabled before Council on 30 March 2017 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to

the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

2.2 Overview of alignment of annual budget with IDP

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The IDP developed by the municipality aims at building a foundation for economic growth which is supported by the implementation of the National Development Plan (NDP). This is evidenced by a significant budget allocated to the development of the infrastructure as well as Local Economic Development (LED). The municipality has a clear understanding of both national and provincial intent which will enable the municipality to strategically comply with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The National Development Plan identified a number of microeconomic reforms needed to boost economic growth and include amongst others:

- reducing cost of living for poor households;
- reducing cost of doing business;
- support for small, medium and micro enterprises (SMMEs), business start-ups, a greener and more sustainable economy; and
- support for local production, employment through government procurement and broadening and strengthening industrial development.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development plan. Therefore the budget must link to the IDP to enable the municipality to conduct its affairs in a manner which is consistent with its IDP.

2.2.1 IDP Strategic Objectives

The annual budget is linked to the four (4) main strategic goals which are:

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial

government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system which is constantly refined as the integrated planning process unfolds.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

Supporting Table SA7 provides the main measurable performance objectives the municipality undertakes to achieve this financial year. Refer to IDP/SDBIP for detailed measurable performance indicators.

Supporting Table SA8 sets out the municipality's main performance objectives and benchmarks for the 2017/18 MTREF.

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The uPhongolo Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by loans and finance leases. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Capital charges to operating expenditure* is a measure of borrowing cost in relation to the operating expenditure and assesses the affordability of debt expenditure.

It can be seen that the cost of borrowing has steadily increased from 2.3% in 2017/18 to 3.1% in 2018/19. This increase can be attributed to the new lease agreement to fund the acquisition of machinery and vehicles. The norm is 6%-8%. Clearly the municipality is

operating below the norm which indicates that it has capacity to take on additional financing from borrowing to invest in infrastructure projects.

Although borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as excessive loans may have adverse financial leverage for the municipality.

Capital charges to own revenue measures the municipality's prioritization of resources and indicates the cost required to service external interest and redemption versus available funds. The ratio steadily increases from 5.5% in 2016/17 to 7.1% in 2018/19. The increase is attributable to the raising of external loans. Since the percentage is below the norm of 6 per cent, the municipality has capacity to take on additional financing to invest in other projects.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF remains stable and range from 18.2% in 2016/17 to 84.2% in 2018/19.

The Municipality has not raised substantial debt in the past three years. Debt service costs are expected to increase in 2017/18 due to the fact that the municipality plans to raise new loans in the 2017/18 MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. In 2017/18 the gearing ratio is 0% throughout the 2017/18 MTREF. The ratios are relatively low and this is primarily due to low borrowings in relation to own funds.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities. The norm is 2:1 and ratio should not decrease below 1 otherwise the municipality will be at risk to finance operations.

For the 2017/18 MTREF the current ratio is 1:1 in 2017/18; 1.2:1 in 2018/19 and 1.3:1 in 2019/20. The norm range is between 1 and 3. The ratio for the 2017/18 MTREF indicates that the municipality will have difficulties in paying all its current or short term obligations when they fall due should the cash flow decrease. Going forward it will be necessary to improve the liquidity levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to settle current liabilities immediately. The municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the

Municipality. As part of the longer term financial planning objectives this ratio will have to be maintained at a minimum of 1.

2.3.1.4 Revenue Management

As part of the financial viability strategy to ensure the municipality remains sustainable, revenue management and debt collection is critical. An aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

- *Annual debtors' collection rate (payment levels)* indicates the municipality's projected collection rate, debtor level payments as a percentage of revenue billed. It is projected that the collection rate over the 2017/18 MTREF will be 77.2% due to the high rate of unemployment in the uPhongolo Area.
- *Outstanding debtors to revenue* measures the percentage of debtors not collected from annual billed revenue. The higher the percentage, the more billed revenue is likely to remain uncollected for the period. The ratio for outstanding debtors to revenue in 2014/15 was 50.5% which indicates that half of billed revenue was not collected. This scenario is not acceptable and more effort is required to ensure that recoverable receivables are indeed collected lest the municipality will find itself unable to honour its commitments.

2.3.1.5 Creditors Management

The Municipality has managed to ensure that most of the trade creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a least 98% compliance rate has been achieved. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- *Electricity distribution losses* indicate the percentage loss of potential revenue through the sale of electricity when compared to units of electricity purchased.

The electricity losses are extremely high and have averaged 18.5% in the past three years. In 2016/17 electricity losses amounted to 5,3 million kwh approximating R3 975 million in lost revenue despite having replaced some of the faulty meters. The municipality has embarked on a process to audit and verify all electricity meters. Further, endeavours are being made to establish other factors contributing to the loss.
- *Employee costs* as a percentage of operating revenue (excluding capital revenue) remained stable at 34.9% up to 2017/18 and slightly increase to 33.6% in 2018/19 and moderately peaked to 35.3% during the 2016/17 MTREF.
- *Remuneration* as a percentage of operating revenue remains stable over the MTREF at 39.7%.

- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as the increasing written down values of assets (WDV). In terms of Treasury Circular 66 the budget for repairs and maintenance should at least be 8 per cent of the WDV. The repairs and maintenance rate is 10%.8 in 2017/18 and 12.6% by 2018/19. This rate has been arrived at by excluding the value of land from the written down value of total assets. Note land does not depreciate.

2.3.1.7 IDP regulation financial viability indicators

In terms of the Local Government Municipal Planning and Performance Management Regulation, 2001, the following three (3) key performance indicators must be in the municipal performance management plan to express financial viability:

- *Debt coverage* measures the number of times debt payments are covered by operating revenue (excluding grants) and indicates the ease with which debt payments can be accommodated within a period. The coverage ratio is 6.9 times in 2017/18 and is expected to increase to 7 times in 2019/20.
- *Outstanding service debtors' to revenue ratio* is an indication of what percentage of revenue is outstanding owing by service debtors. This measures the municipality's effectiveness of its credit control and debt collection policy. The lower the ratio, the more effective is the municipal revenue management. The ratio has been increasing in the past three years and stood at 130.1% in 2016/17. It is projected to decrease to 59% in 2017/18.
- *Cost coverage* measures the ability to meet at least its monthly fixed operating commitments from cash reserves if no revenue is collected during that month. The higher the ratio, the higher is the municipality's safety net to provide services and minimise the risk of insufficient cash to fund operations. The ratio informs that the municipality will have sufficient cash for 1 month to fund operations. More needs to be done to increase the municipality's cash reserves.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2017/18 financial year 8,000 registered indigents have been provided for in the budget with this figured increasing to 8,300 by 2019/20.

In terms of the Municipality's indigent policy registered households are entitled to:

- 50 kWh of electricity at a cost of R45 per household per month;
- 80% waste removal at a cost of R per household per month; and
- 100% rebate on the value of property for property rates purposes.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) on page 42.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The purpose of budget-related and financial purposes is to provide a sound environment to manage the financial actions of the municipality with relevant legislation framework.

The previous year's adopted policies were reviewed as part of the budget compilation process and will be approved by Council in May 2017.

The following are key budget-related policies:

2.4.1. Review of credit control and debt collection procedures/policies

This policy is required in terms of section 96 of the Municipal Systems Act, 32 of 2000 to provide for credit and debt collection procedures and mechanisms to ensure that all consumers pay for services supplied.

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to ensure that it is in concert with the Municipal Systems Act.

2.4.2. Asset Management, Infrastructure Investment and Funding Policy

This policy has the purpose to prescribe the accounting and administrative procedures relating to property, plant and equipment (assets). This policy was not reviewed during the current year.

2.4.3. Budget Policy

This policy captures the principles which must be followed in preparing a medium term revenue and expenditure framework budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.

2.4.4. Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The reviewed Budget and Virement Policy was approved by Council on 27 March 2017 in respect of both Operating and Capital Budget Fund Transfers.

2.4.5. Borrowing Policy

The purpose of the policy is to establish a borrowing framework for the municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds in order to:

- Manage interest rate and credit risk exposure;
- Maintain debt within specified limits and ensure adequate provision for the repayment of debt; and
- Ensure compliance with all legislation and Council policy governing borrowing of funds.

2.4.6. Cash Management and Investment Policy

The Municipality's reviewed Cash Management and Investment Policy was approved by Council on 27 March 2017. The aim of the policy is to ensure that the Municipality's surplus cash and

investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

2.4.7. Petty Cash Policy

This policy governs the issuing of petty cash in terms of the supply chain management policy and the effective utilisation of petty cash according to authorised processes only.

2.4.8. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in July 2006 and was last review in December 2013 to take into account the new regulations.

Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Tariff Policy; and
- Indigent Policy.

The policies mentioned above were approved by Council on 27 March 2017.

2.5 Overview of budget assumptions

2.5.1 External factors

South Africa faces exceptionally difficult global and domestic economic conditions over the next several years. Deteriorating global conditions expose the depth of South Africa's external vulnerabilities and the internal constraints that limit its potential for growth.

The 2017 budget review informs that the global outlook for economic growth is subdued, weighed down by a prolonged slump in commodity prices and slower growth in China. There is a pronounced slowdown in developing countries, with some in deep recession. South Africa's low savings rate makes the country vulnerable to external shocks, as do domestic structural weaknesses.

South Africa's GDP growth has fallen behind the rate of population increase, resulting in declining per capita incomes. In other words, the average South African is becoming poorer.

Domestic growth forecasts over the medium term – government's three-year budgeting window – have been revised down. The National Treasury projects GDP growth of 1.3% in 2018, improving gradually to 2.0% in 2019 and 2.2% in 2020. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, pose some risk to the inflation outlook. Furthermore, the electricity supply shortages pose the largest domestic risk to growth.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's communities and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 34.9% of total operating expenditure in the 2017/18 MTREF. The Salary and Wage Collective Agreement SALGBC for the period 01 July 2015 to 30 June 2018 has been concluded. The employee cost for 2017/18 has been budgeted for at 7.4% (inflation linked) and for 2018/19 to 2019/20 at expected CPI plus additional 1%.

Economic Indicators	Basis of Projection	2017/2018	2018/2019	2019/2020
Projected CPI	MFMA Circular 86	6.4%	5.7%	5.6%
Economic growth (GDP)	Budget Review 2016	1.3%	2.0%	2.2%
Bulk electricity purchases	MFMA Circular 78	8%	8%	8%
Employment related cost	CPI + 1%	7.4%	6.7%	6.6%

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality has engaged financial institutions through a tender process to minimise its interest rate risks by providing fixed rates for loans and lease agreements. However, for the 2017/18 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates.

2.5.4 Collection rate for revenue services

The base assumption is that tariffs increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently at 77.2% of annual billings. Cash flow collection is projected to come under pressure considering the current economic outlook. Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

2.5.5 Salary increases

The collective agreement regarding salaries/wages was entered into with SALGA and came into operation on 1 July 2015 and will end on 30 June 2018.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture;
- Fighting crime and corruption; and
- Economic growth.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal as well as property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of at least 98% annual collection rate for consumer revenue;
- National Treasury guidelines;

- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

No developments are taking place in uPhongolo. As the levying of property rates is considered a strategic revenue source, a further supplementary valuation process will be undertaken in the 2017/18 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, and refuse removal constitute the biggest component of the revenue basket of the Municipality. It is not expected that revenue from this services will grow exponentially as there are no new developments taking place.

Operational grants and subsidies are a major source of operating revenue. It needs to be noted that in real terms the grants receipts from national and provincial government have decreased in 2016/17 and grow slightly in the two outer years of the MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,9 million, R2,1 million and R2,2 million for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

Investment particulars are reflected in supporting Table SA15 and SA16 and the projected investments at end of the 2017/18 financial year is R19 million.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Sources of capital revenue over the MTREF

Description	2016/17 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget 2016/17	%	Budget Year 2017/18	%	Budget Year 2018/19	%	Budget Year 2019/20	%
Funded by:								
National Government	58 779 000	76	36 303 950	73.1	39 701 400	77.5	45 176 750	88.8
Provincial Government	-	-	-	-	-	-	-	-

Transfers recognised – capital	58 779 000	76	36 303 950	73.1	39 701 400	77.5	45 176 750	88.8
Borrowings	15 000 000	19.4	11 230 000	22.6	9 700 000	18.9	4 800 000	9.7
Internally generated funds	3 552 183	4.6	2 108 400	4.3	1 829 000	2.0	900 000	1.8
Total Capital Funding	77 331 183	100.0	49 642 350	100.0	51 230 400	100.0	50 876 750	100.0

The above table is graphically represented as follows for the 2017/18 MTREF

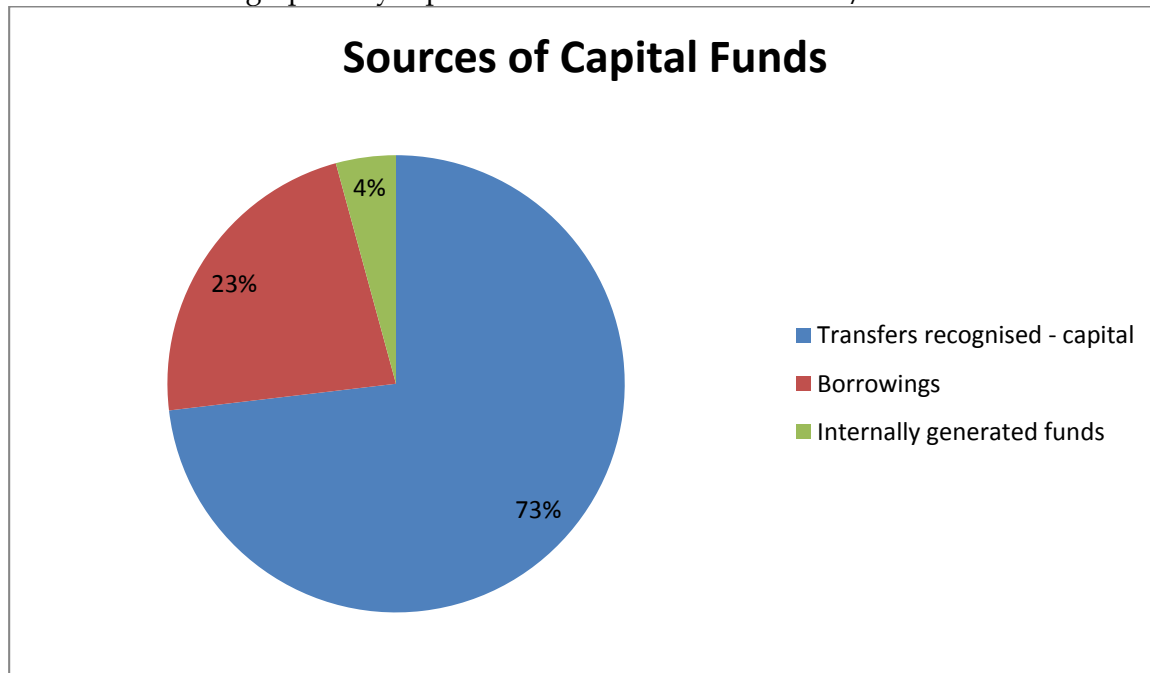


Figure 3 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 73.1% of the total funding source for the 2017/18 financial year.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R11,230 million to be raised in 2017/18 or 22.6% of the total funding sources. As explained earlier, the borrowing capacity of the Municipality has not yet reached its limits and there is still room for additional borrowings. However, further borrowings should be carefully considered against the level of cash resources. At this stage more borrowings than budgeted for should not be considered as this might adversely affect the solvency of the municipality.

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R2,108 million in 2017/18.

Detailed borrowings are reflected in supporting schedule Table SA17. Supporting Tables SA18 and SA19 provide details on capital transfers and receipts and expenditure on grant programmes. The Municipal Infrastructure Grant remains the main capital grant received.

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Supporting Table A7 reflects the cash flow statement for the 2017/18 MTREF.

The above table shows that cash and cash equivalents of the Municipality improve in 2017/18 and throughout the two outer years. The Municipality plans to undertake an extensive debt collection process to boost cash levels and has acquired the services of a reputable debt collecting firm. It is expected the interventions will translate into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R30,6 million by 2019/20.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'.

Funding compliance measurement

Cash/cash equivalent position

Cash flow management is a critical in determining if the budget is funded over the medium term. National Treasury requires that the financial sustainability of the municipality is assessed to ensure financial viability. Supporting Table A10 essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R19 million, R24,6 million and R27,6 million for each respective financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A25, on page 25.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. For the 2016/17 MTREF the ratio remains constant at 3.8. As indicated above the Municipality aims to achieve at least 1.5 month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.4.1 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed over the medium term. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a deficit of R7,8 million, R8,4 million and R million respectively.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective.

2.6.4.2 Service charge revenue as a percentage increase

This measure is based on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth.

From the table it can be seen that the percentage growth totals 8% throughout the 2016/17 MTREF.

2.6.4.3 Cash receipts as a percentage of ratepayer and other revenue

This measure is intended to analyse the underlying assumed collection rate for the 2016/17 MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 77.2% performance target, the cash flow statement has been conservatively determined.

2.6.4.4 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14% in 2016/17 and 11.5% in 2018/19.

2.6.4.5 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that no timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to meet the commitments in the relevant accounting period.

2.6.4.6 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 64% capital expenditure.

2.6.4.7 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.6.4.8 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. This measure shows a relatively low trend which is not in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.4.9 Repairs and maintenance expenditure level

This measure indicates the percentage of committed asset repairs to property, plant and equipment. The details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table SA 34C on page 89. National Treasury requires that the repairs and maintenance be equal to at least 8% of the carrying value of property, plant and equipment. Repairs and maintenance equates 6.6% in 2016/17 and remains 6.6% in 2018/19.

2.6.4.10 Asset renewal/rehabilitation expenditure level

The objective of this measure is to understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected. Further details in this regard are contained in Table 51 SA34b on page 88.

2.7 Grant allocations to the municipality

All national allocations to local government are published in the Division of Revenue Bill, 2017 for the next three years, whilst provincial allocations for part of the provincial budgets.

Supporting tables SA 18, SA 19 and SA 20 provide details of planned grant receipts and expenditure against each allocation and grant received. The following grants have been allocated to the municipality.

Transfers and grant allocations	2017/18	2018/19	2019/20
	R	R	R
Equitable Share	107 746 000	118 558 000	125 240 000
Finance Management Grant	1 900 000	2 155 000	2 415 000
Municipal Integrated Grant	28 741 000	30 212 000	31 765 000
Maintenance of Sport Facilities	167 000	-	-
Integrated National Electricity Programme Grant	9 000 000	11 000 000	15 000 000
Provincialisation of Libraries Grant	1 002 000	1 055 000	1 108 000
Community Library Services Grant	376 000	394 000	404 000
Expanded Public Works Programme Grant	4 678 000	-	-
TOTAL	153 610 000	163 374 000	175 932 000

2.8 Allocations or grants made by the municipality

Supporting Table SA 21 provides detail on provisions made by Council to other organisations in terms of the conditions of the grants-in-aid policy and specific Council resolutions. This includes the provision of free basic electricity and rebates and or exemptions in terms of the Property Rates Act.

The provision for free basic services to indigent households amounts to R5,2 million in 2017/18 and R5,5 million and R5,8 million in the two outer years of the MTREF respectively.

2.9 Councillor and employee benefits

Supporting Table SA 22; SA 23 and SA 24 provide the proposed cost to councilors, salaries, allowances and benefits as well as planned personnel numbers for:

- councilors of the municipality;
- municipal manager and senior managers; and
- other municipal staff.

Councillor remuneration amounts to R8,7 million and employee-related costs to R76,2 million for the 2017/18 financial year. The total of councillors' remuneration and employee-related costs is R84.9 million for 2017/18 financial year and equates to 38.9% of budgeted operating expenditure. The norm as per National Treasury ranges between 25%- 40%.

The total number of personnel increase from 252 in 2016/17 to 348 in 2017/18. New employees are anticipated to be employed in 2017/18 MTREF.

2.10 Monthly target for revenue, expenditure and cash flow

Supporting Table SA 25 and SA 27 disclose the monthly targets for operating revenue by source, operating expenditure by type as well as a consolidated projection of revenue and expenditure by vote, whilst supporting Table SA 29 provides monthly projections for capital expenditure by vote. All these schedules have been included in the annual budget and SDBIP for each department.

The SDBIP includes the detailed capital budget by programme and shows each capital project associated within the programme and indicates the planning for each project.

Supporting Table SA 30 provides a consolidated projection of cash flow for the budget setting out receipts by source and payments by type, both operating and capital broken down per month for the budget year and also shown in total the following two (2) years.

The final SDBIP will be submitted for approval no later than fourteen (14) days after the approval and adoption of the annual budget.

2.11 Contracts having future budgetary implications

There are four (4) long-term contracts which will impose financial obligations beyond three (3) years. These contracts are for insurance, maintenance of landfill site; and maintenance of electricity infrastructure.

2.12 Capital expenditure details

Supporting Table SA 34 discloses capital expenditure by asset class and Table SA 36 provides a list of capital programmes and projects aligned to the goals of the integrated development plan. Refer also supporting Table SA 6 for reconciliation with IDP strategic objectives.

From these tables it can be seen that 47.8% of capital expenditure is allocated for infrastructure development and service delivery, community assets are 31.3% and 20.9% on other assets such as vehicles, and plant and equipment.

The planned capital projects for the next three years are contained in Table SA 36 and SA 37 of which the critical projects are:

Capital Projects	2017/18	2018/19	2019/20
Access roads	14 730 098	12 826 300	20 238 729
Community halls	-	5 000 000	1 500 000
Sports facilities	10 880 970	9 875 100	4 438 020
Creches	1 692 882	1 000 000	4 000 000
Electrification of households including infills	9 000 000	11 000 000	15 000 000
	36 303 950	39 701 400	45 176 749

These projects constitute 73.13% of total capital expenditure planned over the 2017/18 MTREF. The implementation of these projects must be fast-tracked and progress monitored monthly.

2.13 Legislation compliance status

The municipality is fully committed to promote and seek to implement the basic values and principles of public administration described as per section 195(1) of the Constitution.

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 and is directly aligned and informed by the 2017/18 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Other supporting documents included in the budget are:

- Supporting detail to budgeted – budgeted financial performance – supporting Table SA 1 – this table provides detail on specific revenue and expenditure items.
- Matrix on financial performance budget – supporting Table SA 2 – this table provides detail on revenue by source and expenditure by type for the various main departments in the municipality.
- Supporting detail to statement of financial position – supporting Table SA 3 which provides detail on the various financial position items.
- Supporting detail on social, economic and demographic statistics and assumptions – supporting Table SA 9 – this table provides a high level overview of the demographics of the municipality.

2.15 Municipal Manager's quality certificate

I MM Ndlela, municipal manager of uPhongolo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

M M Ndlela

Municipal Manager of uPhongolo Municipality (KZN262)

Table 56 SA1 - Supporting detail to budgeted financial performance

KZN262 uPhongolo - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates									35,275	37,285	39,373
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)									1,781	1,883	1,988
Net Property Rates		-	-	-	-	-	-	-	33,493	35,403	37,385
Service charges - electricity revenue	6										
Total Service charges - electricity revenue									38,309	41,374	44,684
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	38,309	41,374	44,684
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue									9,994	10,563	11,155
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		-	-	-	-	-	-	-	9,994	10,563	11,155
Other Revenue by source											
Building plans									39	41	44
Burial fees									130	137	145
Certificate: clearance									16	17	18
Dumping fees									19	20	21
Final readings									2	2	2
Grave fees									14	14	15
New connections									43	45	47
Sign boards									68	72	76
Tender document fees									145	153	162
IMV Commission									64	68	72
Reconnection fees, vat refund and loans									19,331	17,807	12,913
KZN transport subsidy	3								304	321	339
Total 'Other' Revenue	1	-	-	-	-	-	-	-	20,174	18,698	13,854

Table 56 SA1 - Supporting detail to budgeted financial performance (Continued)

EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2							54,252	57,887	61,708
Pension and UIF Contributions								6,071	6,478	6,906
Medical Aid Contributions								2,397	2,558	2,726
Overtime								2,263	2,414	2,574
Performance Bonus								5,291	5,646	6,019
Motor Vehicle Allowance								4,446	4,498	4,553
Cellphone Allowance								180	183	185
Housing Allowances								115	122	130
Other benefits and allowances								1,207	1,288	1,373
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
sub-total	4									
Less: Employees costs capitalised to PPE	5	-	-	-	-	-	-	76,224	81,075	86,173
Total Employee related costs	1	-	-	-	-	-	-	76,224	81,075	86,173
Contributions recognised - capital										
List contributions by contract										
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment								8,810	9,312	9,833
Lease amortisation								556	588	621
Capital asset impairment								-	-	-
Depreciation resulting from revaluation of PPE	10							-	-	-
Total Depreciation & asset impairment	1	-	-	-	-	-	-	9,366	9,900	10,454
Bulk purchases										
Electricity Bulk Purchases								27,309	28,155	29,028
Water Bulk Purchases										
Total bulk purchases	1	-	-	-	-	-	-	27,309	28,155	29,028
Transfers and grants										
Cash transfers and grants								-	-	-
Non-cash transfers and grants								5,265	5,565	5,876
Total transfers and grants	1	-	-	-	-	-	-	5,265	5,565	5,876
Contracted services										
Electrical Services								623	659	696
Refuse collection services (waste removal)								4,804	5,078	5,362
Parks and Garden maintenance								8,491	8,975	9,477
Information Technology services/corporate								600	634	670
Value-added tax services										
Security/ Protection Services								6,269	6,626	6,997
Legal Costs								353	373	394
Financial System								900	951	1,005
Cash in Transit								171	181	191
Valuation Roll								416	439	464
Payroll Systems								300	317	335
Laser Printing								318	336	355
Asset Management								700	740	781
provision of Land rehabilitation								73	77	81
provision of Leave benefit								44	47	50
Hygiene services								36	38	40
sub-total	1	-	-	-	-	-	-	24,098	25,471	26,898
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services		-	-	-	-	-	-	24,098	25,471	26,898
Other Expenditure By Type										
Collection costs								43,539	40,652	42,982
Contributions to 'other' provisions										
Consultant fees										
Audit fees										
General ex penses	3									
Subsistence and Travelling										
Advertising										
Legal Costs										
Licenses										
Stationery, printing and telephone										
Youth, senior citizen, men & women support										
Postages and courier										
Cleaning materials										
Electricity, water, refuse & sewerage charges										
Rentals										
Fuel & oil										
Hire of equipment and rentals										
Uniform and Protective Clothing										
Training Fees and subscriptions and WCA										
Insurance										
Public participation and communication										
Pauper burials										
Ward Upliftment										
EPWP										
Accommodation Expense and refreshments										
Disaster Victims Support and LED										
Transport costs										
Total 'Other' Expenditure	1	-	-	-	-	-	-	43,539	40,652	42,982
Repairs and Maintenance	8									
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expenditure	9	-	-	-	-	-	-	-	-	-

Table 57 SA2 - Matrix Financial Performance Budget (revenue source/ expenditure type by department)

KZN262 uPhongolo - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Finance and administrati on	Vote 3 - Community and Social Services	Vote 4 - Sports and Recreation	Vote 5 - Public Safety	Vote 6 - Housing	Vote 7 - Planning and Development	Vote 8 - Roads Transport	Vote 9 - Energy Sources	Vote 10 - Waste Management	Vote 11 - Other	-	-	-	-	Total
R thousand	1																
Revenue By Source																	
Property rates		33,493															33,493
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment																	-
Interest earned - external investments																	-
Interest earned - outstanding debtors																	-
Dividends received																	-
Fines, penalties and forfeits																	-
Licences and permits																	-
Agency services																	-
Other revenue																	-
Transfers and subsidies																	-
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		33,493	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,493
Expenditure By Type																	
Employee related costs		4,301	16,274	6,567	376	8,185	818	2,631	3,547	645	737	23,582					67,663
Remuneration of councillors		8,746															8,746
Debt impairment																	-
Depreciation & asset impairment																	-
Finance charges																	-
Bulk purchases																	-
Other materials																	-
Contracted services		6,622	3,797	8,491		85		442		623	4,804						24,865
Transfers and subsidies																	-
Other expenditure																	-
Loss on disposal of PPE																	-
Total Expenditure		19,670	20,071	15,058	376	8,271	818	3,073	3,547	1,268	5,541	23,582	-	-	-	-	101,273
Surplus/(Deficit)		13,824	(20,071)	(15,058)	(376)	(8,271)	(818)	(3,073)	(3,547)	(1,268)	(5,541)	(23,582)	-	-	-	-	(67,780)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		13,824	(20,071)	(15,058)	(376)	(8,271)	(818)	(3,073)	(3,547)	(1,268)	(5,541)	(23,582)	-	-	-	-	(67,780)

Table 58 SA3 – Supporting detail to Statement of Financial Position

KZN262 uPhongolo - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

KZN262 dPhongolo - Supporting Table SAS Supporting detail to Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits									19,095	28,372	32,911
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	19,095	28,372	32,911
Consumer debtors											
Consumer debtors									44,515	47,053	49,688
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	-	-	-	-	44,515	47,053	49,688
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)									465,378	504,535	547,226
Leases recognised as PPE	3										
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	-	-	-	-	-	-	-	465,378	504,535	547,226
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities									-	-	
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors									52,167	55,140	58,228
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	-	-	-	-	-	-	-	52,167	55,140	58,228
Non current liabilities - Borrowing											
Borrowing	4								3,000	5,000	
Finance leases (including PPP asset element)									8,230	4,700	4,800
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	11,230	9,700	4,800
Provisions - non-current											
Retirement benefits									3,029	3,201	3,381
List other major provision items											
Refuse landfill site rehabilitation									4,267	4,510	4,763
Other									485	513	542
Total Provisions - non-current		-	-	-	-	-	-	-	7,781	8,225	8,685
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	-	-	-	-	-	49,665	57,163	58,907
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	-	-	-	-	-	-	-	49,665	57,163	58,907
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	-	-	-	-	49,665	57,163	58,907

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN262 uPhongolo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

KEN202-0100000 - Supporting Table 3A Reconciliation of IDP Strategic Objectives and Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Develop and implement credible third generation IDP; Promote quality service delivery through inclusive performance management system; employ and develop highly effective workforce representative of municipality demographic profile. Create a balance between employee productivity , welfare and capacity building.	To increase employee capacity by a minimum of 10% each year.									14,056	13,976	13,766
Ensure provision of basic Municipal services in a sustainable manner; make all communities accessible through the provision and maintenance of access roads and storm water drains, control waste management including water contamination; provide safe and adequate habitable housing that is closer to amenities,create conducive environment for sports and recreational activities.	Ensure that every household has access to basic services by 2030									144,728	153,122	161,201
Create a conducive environment for investing and SMME and Co-operatives growth; increase the number of visitors to uPhongolo; Create temporary and permanent jobs; increase agricultural productivity .	To boost the Local Economy by 5 points each year.									10,711	11,322	11,956
Apply good finacial management in municipal finance dealings; Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation.	To increase own revenue by 5% each year.									56,149	59,350	62,673
Promote good governance, accountability and transparency; placing the primary focus on addressing the needs of the communities; report regularly on municipal dealings.	Create a people centred democracy that is trasparant and responsive									6,831	7,221	7,625
Promote the environment conserbvation and management to ensure adverse environmental impacts are prevented and mitigated; Mitigate the HIV epidemic and promote positive living; provide disaster management and emergency services; ensure the needs of special groups are addressed; reduce crime rate, implement SPLUMA, uphold the rule of law and safety on pongola roads.	To increase environmental and community safety									35,111	37,112	39,190
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)				1	-	-	-	-	-	267,587	282,103	296,411

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN262 uPhongolo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Develop and implement credible third generation IDP; Promote quality service delivery through facilities	To increase employee capacity by a minimum of 10% each year.									30,877	32,637	34,464
Ensure provision of basic Municipal services in a sustainable manner; make all services accessible	Ensure that every household has access to basic services by 2030									98,010	103,596	109,397
Create a conducive environment for investing and SMME and Co-operatives	To boost the Local Economy by 5 points each year.									10,755	11,368	12,004
Apply good financial management in municipal finance dealings; Increase revenue collection and	To increase own revenue by 5% each year.									29,387	31,062	32,801
Promote good governance, accountability and transparency; placing the primary focus on education	Create a people centred democracy that is transparent and responsive									12,461	13,171	13,909
Promote the environment conservation and management to ensure advance environmental	To increase environmental and community safety									36,433	33,106	34,927

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN262 uPhongolo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Develop and implement credible third generation IDP;	To increase employee capacity by a minimum of 10% each year.	A								3,150	5,150	150
Promote quality service delivery through feedback												
Ensure provision of basic Municipal services in a sustainable manner; make all services accessible	Ensure that every household has access to basic services by 2030	B								45,455	46,080	50,727
Create a conducive environment for investing and SMME and Co-operatives	To boost the Local Economy by 5 points each year.	C										
Apply good financial management in municipal finance dealings; Increase revenue collected	To increase own revenue by 5% each year.	D								1,037		
Promote good governance, accountability and transparency; placing the citizen first in all decisions	Create a people centred democracy that is transparent and responsive	E										
Promote the environment conservation and management to ensure sustainable development	To increase environmental and community safety	F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	-	-	-	49,642	51,230	50,877

Table SA 7 Measurable Performance Objectives

KZN262 uPhongolo - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Planning & Development:Technical										
Function: Roads										
Sub-function: Eradication of backlogs										
Reduce roads and stormwater backlogs	Kilometers									
Function: Roads										
Sub-function: Road maintenance										
Roads rehabilitated	Kilometers									
Function: Technical Services										
Sub-function: Eradication of backlogs										
New sub-rank for growth	Number									
Function 2 - (name)										
Sub-function: Eradication of backlogs										
Construction of community halls	Number									
Sub-function 2 - (name)										
Construction of sportfields	Number									
Sub-function: Eradication of backlogs										
Construction of creches	Number									
Community and Social Services										
Function: Local Economic Development										
Sub-function: Economic development										
Construction of Imbube Cultural Centre	Number									
Function: Local Economic Development										
Sub-function: Economic development										
Construction of Flea Market	Number									
Function: Electricity Services										
Sub-function: Electricity Services										
Households provided with electricity	Households									
Function 2 - (name)										
Sub-function: Electricity Services										
Upgrade town electricity infrastructure	Number									
Sub-function: Excess to alternative										
Households provided with alternative energy	Households									
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

Table SA 8 Performance Indicators and Objectives

KZN262 uPhongolo - Supporting Table SA8 Performance indicators and benchmarks

KZN262 uPhongolo - Supporting Table SA8 performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	1.5%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	2.9%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	84.2%	84.1%	84.2%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	1.4	1.6	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	1.4	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	0.4	0.5	0.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	23.8%	24.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))								100.0%	100.0%	100.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	273.1%	194.3%	176.9%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.0%	33.4%	34.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	36.7%	37.3%	38.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	5.4%	5.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%	4.2%	4.3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	9.4	10.7	10.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	66.3%	65.6%	64.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	1.4	2.0	2.1

Table SA 9 Social, Economic and Demographic Statistics and Assumptions

KZN262 uPhongolo - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census 1996; Census 2001; Census 2011	119,780	119,780	127,398	130	130	130	130	130	130	130
Females aged 5 - 14		Census 1996; Census 2001; Census 2011	16,589	16,589	16,030	16	16	16	16	16	16	16
Males aged 5 - 14		Census 1996; Census 2001; Census 2011	16,664	16,664	16,197	16	16	16	16	16	16	16
Females aged 15 - 34		Census 1996; Census 2001; Census 2011	22,541	22,541	24,644	25	25	25	25	25	25	25
Males aged 15 - 34		Census 1996; Census 2001; Census 2011	19,880	19,880	22,692	23	23	23	23	23	23	23
Unemployment		Census 1996; Census 2001; Census 2011	15,908	15,908	17,668	18	18	18	18	18	18	18
Monthly household income (no. of households)	1, 12											
No income		Census 1996; Census 2001; Census 2011	19,407	19,407	3,953	3,953	3,953	3,953	3,953	3,953	3,953	3,953
R1 - R1 600		Census 1996; Census 2001; Census 2011	5,752	5,752	12,770	12,770	12,770	12,770	12,770	12,770	12,770	12,770
R1 601 - R3 200		Census 1996; Census 2001; Census 2011	396	396	6,281	6,281	6,281	6,281	6,281	6,281	6,281	6,281
R3 201 - R6 400		Census 1996; Census 2001; Census 2011	253	253	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651
R6 401 - R12 800		Census 1996; Census 2001; Census 2011	89	89	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
R12 801 - R25 600		Census 1996; Census 2001; Census 2011	30	30	944	944	944	944	944	944	944	944
R25 601 - R51 200		Census 1996; Census 2001; Census 2011	13	13	404	404	404	404	404	404	404	404
R52 201 - R102 400		Census 1996; Census 2001; Census 2011	11	11	90	90	90	90	90	90	90	90
R102 401 - R204 800		Census 1996; Census 2001; Census 2011	11	11	46	46	46	46	46	46	46	46
R204 801 - R409 600		Census 1996; Census 2001; Census 2011	-	-	51	51	51	51	51	51	51	51
R409 601 - R819 200		Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
> R819 200		Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
Poverty profiles (no. of households)												
< R2 060 per household per month	13	Census 1996; Census 2001; Census 2011										
Insert description	2	Census 1996; Census 2001; Census 2011										
Household/demographics (000)												
Number of people in municipal area		Census 1996; Census 2001; Census 2011	119,780	119,780	127,398	130	130	130	130	130	130	130
Number of poor people in municipal area		Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
Number of households in municipal area		Census 1996; Census 2001; Census 2011	26,954	26,954	26,954	29	29	29	29	29	29	29
Number of poor households in municipal area		Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
Definition of poor household (R per month)		Census 1996; Census 2001; Census 2011	2,060	2,060	2,060	2,185	2,185	2,185	2,185	2,185	2,185	2,185
Housing statistics	3											
Formal		Census 1996; Census 2001; Census 2011	16,331	15,006	24,013	25,606	25,606	25,606	25,606	25,606	25,606	25,606
Informal		Census 1996; Census 2001; Census 2011	398	438	342	365	365	365	365	365	365	365
Total number of households			16,729	15,444	24,355	25,971	25,971	25,971	25,971	25,971	25,971	25,971
Dwellings provided by municipality	4	Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s		Census 1996; Census 2001; Census 2011	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Census 1996; Census 2001; Census 2011	4,834	1,030	1,030	4,921	4,921	4,921	4,921	4,921	4,921	4,921
Total new housing dwellings			4,834	1,030	1,030	4,921	4,921	4,921	4,921	4,921	4,921	4,921
Economic	6											
Inflation/inflation outlook (CPIX)						5.6%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing						8.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Interest rate - investment						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases						6.9%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (electricity)						7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates	7											
Property tax/service charges						83.0%						
Rental of facilities & equipment						90.0%						
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						83.0%						
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table SA 9 Social, Economic and Demographic Statistics and Assumptions (Continued)

Detail on the provision of municipal services for A10											
Total municipal services	Ref		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
8 10 9 10		Household service targets (000)									
		Water:									
		Piped water inside dwelling	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660
		Piped water inside yard (but not in dwelling)	21,348	21,348	21,348	21,348	21,348	21,348	21,348	21,348	21,348
		Using public tap (at least min.service level)	4,270	4,270	4,270	4,270	4,270	4,270	4,270	4,270	4,270
		Other water supply (at least min.service level)	7,320	7,320	7,320	7,320	7,320	7,320	7,320	7,320	7,320
		Minimum Service Level and Above sub-total	36,598	36,598	36,598	36,598	36,598	36,598	36,598	36,598	36,598
		Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
		Other water supply (< min.service level)	24,396	24,396	24,396	24,396	24,396	24,396	24,396	24,396	24,396
		No water supply	2	2	2	2	2	2	2	2	2
		Below Minimum Service Level sub-total	24,398	24,398	24,398	24,398	24,398	24,398	24,398	24,398	24,398
		Total number of households	60,996	60,996	60,996	60,996	60,996	60,996	60,996	60,996	60,996
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	5,490	5,490	5,490	5,490	5,490	5,490	5,490	5,490	5,490
		Flush toilet (with septic tank)	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
		Chemical toilet	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410
		Pit toilet (ventilated)	6,348	6,348	6,348	6,348	6,348	6,348	6,348	6,348	6,348
		Other toilet provisions (> min.service level)	14,161	14,161	14,161	14,161	14,161	14,161	14,161	14,161	14,161
		Minimum Service Level and Above sub-total	31,129	31,129	31,129	31,129	31,129	31,129	31,129	31,129	31,129
		Bucket toilet	478	478	478	478	478	478	478	478	478
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
		No toilet provisions	26,576	26,576	26,576	26,576	26,576	26,576	26,576	26,576	26,576
		Below Minimum Service Level sub-total	27,054	27,054	27,054	27,054	27,054	27,054	27,054	27,054	27,054
		Total number of households	58,183	58,183	58,183	58,183	58,183	58,183	58,183	58,183	58,183
		Energy:									
		Electricity (at least min.service level)	17,702	17,702	17,702	17,702	17,702	17,702	17,702	17,702	17,702
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	17,702	17,702	17,702	17,702	17,702	17,702	17,702	17,702	17,702
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	12,796	12,796	12,796	12,796	12,796	12,796	12,796	12,796	12,796
		Below Minimum Service Level sub-total	12,796	12,796	12,796	12,796	12,796	12,796	12,796	12,796	12,796
		Total number of households	30,498	30,498	30,498	30,498	30,498	30,498	30,498	30,498	30,498
		Refuse:									
		Removed at least once a week	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574
		Minimum Service Level and Above sub-total	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574
	Removed less frequently than once a week	-	-	-	-	-	-	-	-	-	
	Using communal refuse dump	-	-	-	-	-	-	-	-	-	
	Using own refuse dump	-	-	-	-	-	-	-	-	-	
	Other rubbish disposal	-	-	-	-	-	-	-	-	-	
	No rubbish disposal	-	-	-	-	-	-	-	-	-	
	Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-	
	Total number of households	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574	4,574	

Municipal entity services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
	9	Minimum Service Level and Above sub-total									
		Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total									
Name of municipal entity		Total number of households									
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total									
Name of municipal entity		Total number of households									
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total									
Name of municipal entity		Total number of households									
		Refuse:									
		Removed at least once a week									
		Minimum Service Level and Above sub-total									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total									
Name of municipal entity		Total number of households									

Services provided by 'external mechanisms'	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830
		Piped water inside yard (but not in dwelling)	10,674	10,674	10,674	10,674	10,674	10,674	10,674	10,674	10,674
	8	Using public tap (at least min.service level)	2,135	2,135	2,135	2,135	2,135	2,135	2,135	2,135	2,135
		Other water supply (at least min.service level)	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660
	10	Minimum Service Level and Above sub-total	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299
		Using public tap (< min.service level)									
	9	Other water supply (< min.service level)	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198
		No water supply	1	1	1	1	1	1	1	1	1
		Below Minimum Service Level sub-total	12,199	12,199	12,199	12,199	12,199	12,199	12,199	12,199	12,199
		Total number of households	30,498	30,498	30,498	30,498	30,498	30,498	30,498	30,498	30,498
Names of service providers		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	2,745	2,745	2,745	2,745	2,745	2,745	2,745	2,745	2,745
		Flush toilet (with septic tank)	805	805	805	805	805	805	805	805	805
		Chemical toilet	1,580	1,580	1,580	1,580	1,580	1,580	1,580	1,580	1,580
		Pit toilet (ventilated)	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993
		Other toilet provisions (> min.service level)	6,842	6,842	6,842	6,842	6,842	6,842	6,842	6,842	6,842
		Minimum Service Level and Above sub-total	14,965	14,965	14,965	14,965	14,965	14,965	14,965	14,965	14,965
		Bucket toilet	173	173	173	173	173	173	173	173	173
		Other toilet provisions (< min.service level)									
		No toilet provisions	12,547	12,547	12,547	12,547	12,547	12,547	12,547	12,547	12,547
		Below Minimum Service Level sub-total	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720	12,720
		Total number of households	27,685	27,685	27,685	27,685	27,685	27,685	27,685	27,685	27,685
Names of service providers		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total									
Names of service providers		Total number of households									
		Refuse:									
		Removed at least once a week									
		Minimum Service Level and Above sub-total									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total									
Names of service providers		Total number of households									

Detail of Free Basic Services (FBS) provided	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity		Location of households for each type of FBS									
		Formal settlements - 50 kwh per indigent household per month (R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements (R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (R'000)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (R'000)									
		Number of HH receiving this type of FBS									
		Other (R'000)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements									
Water		Location of households for each type of FBS									
		Formal settlements - 10 kilolitre per indigent household per month (R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements (R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (R'000)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (R'000)									
		Number of HH receiving this type of FBS									
		Other (R'000)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements									

Table SA 10 Funding Measurement

KZN262 uPhongolo Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	19,099	28,375	32,916
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	8,924	18,719	25,210
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	1.4	2.0	2.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	49,665	57,163	58,907
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	0.8%	0.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	76.8%	78.7%	82.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.1%	13.0%	12.8%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	84.2%	84.1%	84.2%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.6%	2.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table SA 11

KZN262 uPhongolo - Supporting Table SA11 Property rates summary

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Valuation:	1									
Date of valuation:								2014/2015		
Financial year valuation used								Yes		
Municipal by-laws s6 in place? (Y/N)	2							Yes		
Municipal/assistant valuer appointed? (Y/N)								No	No	No
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3							-	-	-
No. of data collectors (FTE)	3							-	-	-
No. of internal valuers (FTE)	3							-	-	-
No. of external valuers (FTE)	3							1	1	1
No. of additional valuers (FTE)	4							-	-	-
Valuation appeal board established? (Y/N)								Yes		
Implementation time of new valuation roll (mths)								60		
No. of properties	5									
No. of sectional title values	5							-	-	-
No. of unreasonably difficult properties s7(2)								-	-	-
No. of supplementary valuations								-	-	-
No. of valuation roll amendments								-	-	-
No. of objections by rate payers								-	-	-
No. of appeals by rate payers								-	-	-
No. of successful objections	8							-	-	-
No. of successful objections > 10%	8							-	-	-
Supplementary valuation								-	-	-
Public service infrastructure value (Rm)	5							-	-	-
Municipality owned property value (Rm)								-	-	-
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)								-	-	-
Valuation reductions-nature reserves/park (Rm)								-	-	-
Valuation reductions-mineral rights (Rm)								-	-	-
Valuation reductions-R15,000 threshold (Rm)								-	-	-
Valuation reductions-public worship (Rm)								-	-	-
Valuation reductions-other (Rm)								-	-	-
Total valuation reductions:		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5							-	-	-
Total land value (Rm)	5							-	-	-
Total value of improvements (Rm)	5							-	-	-
Total market value (Rm)	5							-	-	-
Rating:										
Residential rate used to determine rate for other categories? (Y/N)								Yes		
Differential rates used? (Y/N)	5							Yes		
Limit on annual rate increase (s20)? (Y/N)								Yes		
Special rating area used? (Y/N)								No		
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)								Yes		
Fixed amount minimum value (R'000)								0		
Non-residential prescribed ratio s19? (%)								0.0%		
Rate revenue:										
Rate revenue budget (R '000)	6							25,179	25,179	25,179
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,reductns,discs (R'000)		-	-	-	-	-	-	-	-	-

Table SA 12(a) Property Rates By Category (budget year)

KZN262 uPhongolo - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2016/17																	
Valuation:																	
No. of properties		2,756	–	139	1,236	178	327	13	–	7	44	–	–	–	–	–	–
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations		1	–	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)								24									
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		41									24						
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2	119															
Total valuation reductions:																	
Total value used for rating (Rm)	6	531		472	1,479	256	–	17			51						
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6	531		472	1,479	256	–	17			51						
Rating:																	
Average rate	3																
Rate revenue budget (R '000)		8,498		15,113	6,783	1,023		69			1,625						
Rate revenue expected to collect (R'000)		6,595		11,728	5,263	1,023		53			1,261						
Expected cash collection rate (%)	4	77.6%		77.6%	77.6%	100.0%		77.6%			77.6%						
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,eductns,discs (R'000)																	

Table SA 12(b) Property Rates By Category (budget year)

KZN262 uPhongolo - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2017/18																	
Valuation:																	
No. of properties		2,756	–	139	1,236	178	327	13	–	7	44	–	–	–	–	–	–
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations		1	–	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)								24									
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		41									24						
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2	119															
Total valuation reductions:																	
Total value used for rating (Rm)	6	531		472	1,479	256	–	17			51						
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6	531		472	1,479	256	–	17			51						
Rating:																	
Average rate	3	#####		#####	#####	#####		#####			#####						
Rate revenue budget (R '000)		6,595		11,728	5,263	1,023		53			1,261						
Rate revenue expected to collect (R'000)		0		0	0	0		0			0						
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

Table SA 13(a) Service Tariffs By Category

KZN262 uPhongolo - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates (rate in the Rand)	1								
Residential properties		Including Government					0.0148	0.0160	0.0160
Residential properties - vacant land							0.0185	0.0200	0.0200
Formal/informal settlements									
Small holdings									
Farm properties - used							0.0037	0.0040	0.0040
Farm properties - not used							0.0185	0.0200	0.0200
Industrial properties							0.0185	0.0200	0.0200
Business and commercial properties							0.0185	0.0200	0.0200
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial							0.0185	0.0200	0.0200
Communal land - other							0.0185	0.0200	0.0200
State-owned properties							0.0185	0.0200	0.0200
Municipal properties									
Public service infrastructure		After exemption of 30% of					0.0037	0.0040	0.0040
Privately owned towns serviced by the State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate							45,000	45,000	45,000
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption							1	1	1
Temporary relief rebate or exemption		Pensioner					0	0	0
Bona fide farmers rebate or exemption							0	0	0
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fix fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		(fill in thresholds)							
Water usage - Block 2 (c/kl)		(fill in thresholds)							
Water usage - Block 3 (c/kl)		(fill in thresholds)							
Water usage - Block 4 (c/kl)		(fill in thresholds)							
Other	2								
Waste water tariffs									
Domestic									
Basic charge/fix fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/kl)									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fix fee (Rands/month)		<400 kwh					312	342	342
Service point - vacant land (Rands/month)									
FBE		50 Kwh					54	59	59
Life-line tariff - meter		<400 kwh					1	1	1
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter (c/kwh)									
Flat rate tariff - prepaid (c/kwh)									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fix fee									
80l bin - once a week									
250l bin - once a week									

Table SA 13(b) Service Tariffs by Category (Explanatory)

KZN262 uPhongolo - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Exemptions, reductions and rebates (Rands)									
<i>Property Rates</i>							15,000	15,000	15,000
<i>Property Rates</i>							45,000	45,000	45,000
<i>Property Rates</i>							0	0	0
<i>Refuse removal</i>							0	0	0
Water tariffs									
<i>[Insert blocks as applicable]</i>		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
<i>[Insert blocks as applicable]</i>		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
<i>Bulk Consumers</i>		(fill in thresholds)					960	1,050	1,050
<i>Bulk Consumers</i>		(fill in thresholds)					187	205	205
<i>Bulk Consumers</i>		(fill in thresholds)					1	1	1
<i>Commercial & Industrial</i>		(fill in thresholds)					694	759	759
<i>Commercial & Industrial</i>		(fill in thresholds)					1	2	2
<i>Domestic</i>		(fill in thresholds)					312	342	342
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							

Table SA 14 Households

KZN262 uPhongolo - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates									1,157.00	1,157.00	1,157.00
Electricity: Basic levy									232.00	232.00	232.00
Electricity: Consumption									977.00	977.00	977.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal									121.00	121.00	121.00
Other											
sub-total		-	-	-	-	-	-	-	2,487.00	2,487.00	2,487.00
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	2,487.00	2,487.00	2,487.00
% increase/-decrease			-	-	-	-	-		-	-	-
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates									835.00	835.00	835.00
Electricity: Basic levy									232.00	232.00	232.00
Electricity: Consumption									489.00	489.00	489.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal									121.00	121.00	121.00
Other											
sub-total		-	-	-	-	-	-	-	1,677.00	1,677.00	1,677.00
VAT on Services									234.78	234.78	234.78
Total small household bill:		-	-	-	-	-	-	-	1,911.78	1,911.78	1,911.78
% increase/-decrease			-	-	-	-	-		-	-	-
<u>Monthly Account for Household - 'Indigent Household receiving free basic services'</u>	3										
Rates and services charges:											
Property rates								#DIV/0!	97.00	97.00	97.00
Electricity: Basic levy								#DIV/0!	232.00	232.00	232.00
Electricity: Consumption								#DIV/0!	342.00	342.00	342.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal								#DIV/0!	121.00	121.00	121.00
Other											
sub-total		-	-	-	-	-	-	-	792.00	792.00	792.00
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	792.00	792.00	792.00
% increase/-decrease			-	-	-	-	-		-	-	-

Table SA 15 Investment Particulars By Type

KZN262 uPhongolo - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								19,095	28,372	32,911
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	19,095	28,372	32,911
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	19,095	28,372	32,911

Table SA 16 Investment Particulars By Maturity

KZN262 uPhongolo - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
First National Bank				No	6-8%	0.05	0	0	On Call	9,774				9,774
														-
														-
														-
														-
Municipality sub-total										9,774		-	-	9,774
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									9,774		-	-	9,774

Table SA 17 Borrowing

KZN262 uPhongolo - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)								3,000	5,000	
Local registered stock										
Instalment Credit										
Financial Leases								8,230	4,700	4,800
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	11,230	9,700	4,800
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	11,230	9,700	4,800

Table SA 18 Transfers and Receipts

KZN262 uPhongolo - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	113,724	120,713	127,655
Local Government Equitable Share								107,146	118,558	125,240
Finance Management								1,900	2,155	2,415
Municipal Systems Improvement								-	-	-
EPWP Incentive								4,678	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	1,404	1,487	1,573
Sport and Recreation								-	-	-
Other transfers/grants [insert description]								1,404	1,487	1,573
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM Tourism Subsidy										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	115,128	122,200	129,228
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	37,741	41,212	46,765
Municipal Infrastructure Grant (MIG)								28,741	30,212	31,765
Integrated Electrification- DME								9,000	11,000	15,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Sports Facility , Streetlighting, Flea Market, Imbube Cultural Village, Sub Rank, Massification Programme								-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM Tourism Subsidy										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	37,741	41,212	46,765
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	152,869	163,412	175,993

Table SA 19 Expenditure on Transfers and Grant Programmes

KZN262 uPhongolo - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	113,724	120,713	127,655
Local Government Equitable Share								107,146	118,558	125,240
Finance Management								1,900	2,155	2,415
Municipal Systems Improvement								-	-	-
EPWP Incentive								4,678	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	1,404	1,487	1,573
Sport and Recreation								-	-	-
Other transfers/grants [insert description]								1,404	1,487	1,573
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM Tourism Subsidy										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	115,128	122,200	129,228
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	37,741	41,212	46,765
Municipal Infrastructure Grant (MIG)								28,741	30,212	31,765
Integrated Electrification- DME								9,000	11,000	15,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Sports Facility, Streetlighting, Flea Market, Imbube Cultural Village, Sub Rank, Massification Programme								-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM Tourism Subsidy										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	37,741	41,212	46,765
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	152,869	163,412	175,993

Table SA 20 Reconciliation of Transfers, Grant Receipts and Unspent Funds

KZN262 uPhongolo - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

Table SA 21 Transfers and Grants Made by Municipality

KZN262 uPhongolo - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<u>Cash Transfers to other municipalities</u>											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u>											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u>											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u>											
<i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u>											
<i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
<u>Non-Cash transfers to other municipalities</u>											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u>											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u>											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u>											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u>											
<i>Insert description</i>	5								5,265	5,565	5,876
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	5,265	5,565	5,876
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	5,265	5,565	5,876
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	5,265	5,565	5,876

Table SA 22 Summary Councillors and Staff Benefits

KZN262 uPhongolo - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1							5,957	6,368	6,801
Basic Salaries and Wages								-	-	-
Pension and UIF Contributions								-	-	-
Medical Aid Contributions								-	-	-
Motor Vehicle Allowance								1,986	2,123	2,267
Cellphone Allowance								694	742	793
Housing Allowances								-	-	-
Other benefits and allowances								110	117	125
Sub Total - Councillors		-	-	-	-	-	-	8,746	9,350	9,986
% increase	4	-	-	-	-	-	-	-	6.9%	6.8%
Senior Managers of the Municipality	2							4,308	4,596	4,900
Basic Salaries and Wages								-	-	-
Pension and UIF Contributions								-	-	-
Medical Aid Contributions								-	-	-
Overtime								-	-	-
Performance Bonus								769	820	875
Motor Vehicle Allowance	3							773	825	880
Cellphone Allowance	3							32	34	37
Housing Allowances	3							-	-	-
Other benefits and allowances	3							406	434	462
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	6,289	6,710	7,153
% increase	4	-	-	-	-	-	-	-	6.7%	6.6%
Other Municipal Staff								49,944	53,291	56,808
Basic Salaries and Wages								6,071	6,478	6,906
Pension and UIF Contributions								2,397	2,558	2,726
Medical Aid Contributions								2,263	2,414	2,574
Overtime								4,522	4,825	5,144
Performance Bonus								3,673	3,673	3,673
Motor Vehicle Allowance	3							148	148	148
Cellphone Allowance	3							115	122	130
Housing Allowances	3							801	855	911
Other benefits and allowances								-	-	-
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Other Municipal Staff		-	-	-	-	-	-	69,935	74,365	79,020
% increase	4	-	-	-	-	-	-	-	6.3%	6.3%
Total Parent Municipality		-	-	-	-	-	-	84,970	90,424	96,159
								-	6.4%	6.3%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		-	-	-	-	-	-	84,970	90,424	96,159
% increase	4	-	-	-	-	-	-	-	6.4%	6.3%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	-	-	-	76,224	81,075	86,173

KZN262 uPhongolo - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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Table SA 24 Summary of Personnel Numbers

KZN262 uPhongolo - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)								29	-	29
Board Members of municipal entities	4							-	-	-
Municipal employees	5									
Municipal Manager and Senior Managers	3							5	-	5
Other Managers	7							17	17	-
Professionals		-	-	-	-	-	-	26	26	-
Finance								11	11	-
Spatial/town planning								8	8	-
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other								7	7	-
Technicians		-	-	-	-	-	-	42	42	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity								1	1	-
Water										
Sanitation										
Refuse										
Other								41	41	-
Clerks (Clerical and administrative)								53	53	-
Service and sales workers								136	136	-
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators								40	40	-
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	-	-	-	-	-	-	348	314	34
% increase					-	-	-	-	-	-
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

Table SA 25 Budgeted Monthly Revenue and Expenditure

KZN262 uPhongolo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																	
Property rates			—	—	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,349	33,493	35,403	37,385
Service charges - electricity revenue			3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	38,309	41,374	44,684
Service charges - water revenue			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue			833	833	833	833	833	833	833	833	833	833	833	833	9,994	10,563	11,155
Service charges - other			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment			60	60	60	60	60	60	60	60	60	60	60	60	717	758	801
Interest earned - external investments			135	135	135	135	135	135	135	135	135	135	135	135	1,617	1,709	1,805
Interest earned - outstanding debtors			569	569	569	569	569	569	569	569	569	569	569	569	6,831	7,221	7,625
Dividends received			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits			39	39	39	39	39	39	39	39	39	39	39	39	470	496	524
Licences and permits			126	126	126	126	126	126	126	126	126	126	126	126	1,513	1,599	1,689
Agency services			71	71	71	71	71	71	71	71	71	71	71	71	858	907	957
Transfers and subsidies			9,776	9,776	9,776	9,776	9,776	9,776	9,776	9,776	9,776	9,776	9,776	9,776	117,306	123,673	130,755
Other revenue			1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681	20,174	18,698	13,854
Gains on disposal of PPE			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)			16,482	16,482	19,832	19,832	19,832	19,832	19,832	19,832	19,832	19,832	19,832	19,832	231,283	242,401	251,234
Expenditure By Type																	
Employee related costs			6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	76,224	81,075	86,173
Remuneration of councillors			729	729	729	729	729	729	729	729	729	729	729	729	8,746	9,350	9,987
Debt impairment			894	894	894	894	894	894	894	894	894	894	894	894	10,730	11,341	11,977
Depreciation & asset impairment			781	781	781	781	781	781	781	781	781	781	781	781	9,366	9,900	10,454
Finance charges			20	20	20	20	20	20	20	20	20	20	20	20	242	317	279
Bulk purchases			2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	27,309	28,155	29,028
Other materials			1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	12,405	13,114	13,850
Contracted services			2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	24,098	25,471	26,898
Transfers and subsidies			439	439	439	439	439	439	439	439	439	439	439	439	5,265	5,565	5,876
Other expenditure			3,628	3,628	3,628	3,628	3,628	3,628	3,628	3,628	3,628	3,628	3,628	3,628	43,539	40,652	42,982
Loss on disposal of PPE			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure			18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	217,922	224,940	237,504
Surplus/(Deficit)			(1,678)	(1,678)	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	13,361	17,461	13,730
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	36,304	39,701	45,177
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions			1,348	1,348	4,697	4,697	4,697	4,697	4,697	4,697	4,697	4,697	4,697	4,697	49,665	57,163	58,907
Taxation			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)			1	1,348	1,348	4,697	4,697	4,697	4,697	4,697	4,697	4,697	4,697	4,697	49,665	57,163	58,907

Table SA 26 Monthly Revenue and Expenditure (Municipal Vote)

KZN262 uPhongolo - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - Executive and Council		1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	21,944	24,281	25,649
Vote 2 - Finance and administration		8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	99,100	104,129	104,223
Vote 3 - Community and Social Services		654	654	654	654	654	654	654	654	654	654	654	654	7,847	8,600	9,066
Vote 4 - Sports and Recreation		496	496	496	496	496	496	496	496	496	496	496	496	5,949	6,399	6,759
Vote 5 - Public Safety		762	762	762	762	762	762	762	762	762	762	762	762	9,146	10,055	10,621
Vote 6 - Housing		50	50	50	50	50	50	50	50	50	50	50	50	601	-	-
Vote 7 - Planning and Development		3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	46,444	44,615	46,980
Vote 8 - Roads Transport		864	864	864	864	864	864	864	864	864	864	864	864	10,372	11,476	12,123
Vote 9 - Energy Sources		3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	47,586	52,666	59,993
Vote 10 - Waste Management		1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,546	13,261	14,004
Vote 11 - Other		504	504	504	504	504	504	504	504	504	504	504	504	6,052	6,621	6,993
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	267,587	282,103	296,411
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	19,605	20,723	21,883
Vote 2 - Finance and administration		4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	52,343	55,352	58,480
Vote 3 - Community and Social Services		1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	20,889	22,080	23,316
Vote 4 - Sports and Recreation		1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	12,141	12,833	13,552
Vote 5 - Public Safety		1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	14,421	15,243	16,097
Vote 6 - Housing		101	101	101	101	101	101	101	101	101	101	101	101	1,211	1,280	1,351
Vote 7 - Planning and Development		2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	26,044	22,099	23,276
Vote 8 - Roads Transport		1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,867	13,601	14,362
Vote 9 - Energy Sources		3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	36,509	38,590	40,751
Vote 10 - Waste Management		1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	17,108	18,084	19,096
Vote 11 - Other		399	399	399	399	399	399	399	399	399	399	399	399	4,783	5,056	5,339
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	217,922	224,940	237,504
Surplus/(Deficit) before assoc.		4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	49,665	57,163	58,907
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	49,665	57,163	58,907

Table SA 27 Monthly Revenue and Expenditure (standard classification)

KZN262 uPhongolo - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
<i>Governance and administration</i>		10,087	10,087	10,087	10,087	10,087	10,087	10,087	10,087	10,087	10,087	10,087	10,087	121,043	128,409	129,872
Executive and council		1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	21,944	24,281	25,649
Finance and administration		8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	8,258	99,100	104,129	104,223
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		1,962	1,962	1,962	1,962	1,962	1,962	1,962	1,962	1,962	1,962	1,962	1,962	23,544	25,053	26,446
Community and social services		807	807	807	807	807	807	807	807	807	807	807	807	9,680	10,631	11,211
Sport and recreation		343	343	343	343	343	343	343	343	343	343	343	343	4,117	4,368	4,614
Public safety		762	762	762	762	762	762	762	762	762	762	762	762	9,146	10,055	10,621
Housing		50	50	50	50	50	50	50	50	50	50	50	50	601	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		4,735	4,735	4,735	4,735	4,735	4,735	4,735	4,735	4,735	4,735	4,735	4,735	56,816	56,091	59,103
Planning and development		3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	46,444	44,615	46,980
Road transport		864	864	864	864	864	864	864	864	864	864	864	864	10,372	11,476	12,123
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	60,132	65,928	73,997
Energy sources		3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	47,586	52,666	59,993
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,546	13,261	14,004
Other		504	504	504	504	504	504	504	504	504	504	504	504	6,052	6,621	6,993
Total Revenue - Functional		22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	22,299	267,587	282,103	296,411
Expenditure - Functional																
<i>Governance and administration</i>		5,996	5,996	5,996	5,996	5,996	5,996	5,996	5,996	5,996	5,996	5,996	5,996	71,948	76,075	80,363
Executive and council		1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	19,605	20,723	21,883
Finance and administration		4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	4,362	52,343	55,352	58,480
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	6,225	74,706	73,535	77,592
Community and social services		1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	20,889	22,080	23,316
Sport and recreation		1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	12,141	12,833	13,552
Public safety		1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202	14,421	15,243	16,097
Housing		101	101	101	101	101	101	101	101	101	101	101	101	1,211	1,280	1,351
Health		2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	26,044	22,099	23,276
<i>Economic and environmental services</i>		1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,867	13,601	14,362
Planning and development		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Road transport		1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,867	13,601	14,362
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		4,468	4,468	4,468	4,468	4,468	4,468	4,468	4,468	4,468	4,468	4,468	4,468	53,618	56,674	59,848
Energy sources		3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	36,509	38,590	40,751
Water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	17,108	18,084	19,096
Other		399	399	399	399	399	399	399	399	399	399	399	399	4,783	5,056	5,339
Total Expenditure - Functional		18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	18,160	217,922	224,940	237,504
Surplus/(Deficit) before assoc.		4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	49,665	57,163	58,907
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	4,139	49,665	57,163	58,907

Table SA 28 Budgeted Monthly Capital Expenditure (municipal vote)

KZN262 uPhongolo - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		500	500	500	500	500	500	500	500	500	500	500	500	6,000	6,000	-
Vote 8 - Roads Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	500	500	500	500	500	500	500	500	500	500	500	500	6,000	6,000	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		49	49	49	49	49	49	49	49	49	49	49	49	587	-	-
Vote 2 - Finance and administration		349	349	349	349	349	349	349	349	349	349	349	349	4,187	5,150	150
Vote 3 - Community and Social Services		10	10	10	10	10	10	10	10	10	10	10	10	125	29	-
Vote 4 - Sports and Recreation		5	5	5	5	5	5	5	5	5	5	5	5	56	-	-
Vote 5 - Public Safety		5	5	5	5	5	5	5	5	5	5	5	5	63	900	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	25,476	27,651	35,727
Vote 8 - Roads Transport		292	292	292	292	292	292	292	292	292	292	292	292	3,500	-	-
Vote 9 - Energy Sources		750	750	750	750	750	750	750	750	750	750	750	750	9,000	11,000	15,000
Vote 10 - Waste Management		54	54	54	54	54	54	54	54	54	54	54	54	650	500	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	3,637	3,637	3,637	3,637	3,637	3,637	3,637	3,637	3,637	3,637	3,637	3,637	43,642	45,230	50,877
Total Capital Expenditure	2	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	49,642	51,230	50,877

Table SA 29 Budgeted Monthly Capital Expenditure (standard classification)

KZN262 uPhongolo - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		398	398	398	398	398	398	398	398	398	398	398	398	4,774	5,150	150
Executive and council		49	49	49	49	49	49	49	49	49	49	49	49	587	–	–
Finance and administration		349	349	349	349	349	349	349	349	349	349	349	349	4,187	5,150	150
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		20	20	20	20	20	20	20	20	20	20	20	20	243	929	–
Community and social services		15	15	15	15	15	15	15	15	15	15	15	15	180	29	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		5	5	5	5	5	5	5	5	5	5	5	5	63	900	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,915	34,976	33,651	35,727
Planning and development		2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	31,476	33,651	35,727
Road transport		292	292	292	292	292	292	292	292	292	292	292	292	3,500	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		804	804	804	804	804	804	804	804	804	804	804	804	9,650	11,500	15,000
Energy sources		750	750	750	750	750	750	750	750	750	750	750	750	9,000	11,000	15,000
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		54	54	54	54	54	54	54	54	54	54	54	54	650	500	–
<i>Other</i>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	49,642	51,230	50,877
Funded by:																
National Government		3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	36,304	39,701	45,177
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	36,304	39,701	45,177
Public contributions & donations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing		936	936	936	936	936	936	936	936	936	936	936	936	11,230	9,700	4,800
Internally generated funds		176	176	176	176	176	176	176	176	176	176	176	176	2,108	1,829	900
Total Capital Funding		4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	49,642	51,230	50,877

Table SA 30 Budgeted Monthly Cash Flow

KZN262 uPhongolo - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source													1		
Property rates	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	33,493	35,403	37,385
Service charges - electricity revenue	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	3,192	38,309	41,374	44,684
Service charges - water revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	833	833	833	833	833	833	833	833	833	833	833	833	9,994	10,563	11,155
Service charges - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	60	60	60	60	60	60	60	60	60	60	60	60	717	758	801
Interest earned - external investments	135	135	135	135	135	135	135	135	135	135	135	135	1,617	1,709	1,805
Interest earned - outstanding debtors	569	569	569	569	569	569	569	569	569	569	569	569	6,831	7,221	7,625
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	39	39	39	39	39	39	39	39	39	39	39	39	470	496	524
Licences and permits	126	126	126	126	126	126	126	126	126	126	126	126	1,513	1,599	1,689
Agency services	71	71	71	71	71	71	71	71	71	71	71	71	858	907	957
Transfer receipts - operational	48,095	—	—	—	—	38,711	—	—	30,499	—	—	0	117,306	123,306	130,755
Other revenue	79	79	79	79	79	79	79	79	79	79	79	79	944	998	1,054
Cash Receipts by Source	55,991	7,896	7,896	7,896	7,896	46,607	7,896	7,896	38,395	7,896	7,896	7,896	212,053	224,335	238,434
Other Cash Flows by Source															
Transfer receipts - capital	9,076	—	—	—	—	13,069	—	—	14,159	—	—	—	36,304	39,701	45,177
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	5,615	—	—	—	—	—	5,615	—	—	—	—	—	11,230	9,700	4,800
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	70,682	7,896	7,896	7,896	7,896	59,676	13,511	7,896	52,554	7,896	7,896	7,896	259,587	273,736	288,411
Cash Payments by Type															
Employee related costs	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	6,352	76,224	81,075	86,173
Remuneration of councillors	729	729	729	729	729	729	729	729	729	729	729	729	8,746	9,350	9,986
Finance charges	187	187	187	187	187	187	187	187	187	187	187	187	2,240	2,368	2,501
Bulk purchases - Electricity	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	27,309	28,155	29,028
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	12,405	13,114	13,850
Contracted services	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	24,098	25,471	26,898
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	439	439	439	439	439	439	439	439	439	439	439	438	5,265	5,565	5,876
Other expenditure	3,427	3,427	3,427	3,427	3,427	3,427	3,427	3,427	3,427	3,427	3,427	3,427	41,126	45,000	57,000
Cash Payments by Type	16,451	16,451	16,451	16,451	16,451	16,451	16,451	16,451	16,451	16,451	16,451	16,451	197,412	210,097	231,311
Other Cash Flows/Payments by Type															
Capital assets	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	4,137	49,642	51,230	50,877
Repayment of borrowing	268	268	268	268	268	268	268	268	268	268	268	268	3,212	3,133	1,682
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	20,856	20,856	20,856	20,856	20,856	20,856	20,856	20,856	20,856	20,856	20,856	20,856	250,266	264,460	283,870
NET INCREASE/(DECREASE) IN CASH HELD	49,827	(12,960)	(12,960)	(12,960)	(12,960)	38,820	(7,345)	(12,960)	31,698	(12,960)	(12,960)	(12,960)	9,321	9,276	4,541
Cash/cash equivalents at the month/year begin:	9,779	59,605	46,645	33,685	20,725	7,765	46,586	39,241	26,281	57,979	45,019	32,059	9,779	19,099	28,375
Cash/cash equivalents at the month/year end:	59,605	46,645	33,685	20,725	7,765	46,586	39,241	26,281	57,979	45,019	32,059	19,099	19,099	28,375	32,916

Table SA 31 Municipality does not have entities

KZN262 uPhongolo - NOT REQUIRED - municipality does not have entities

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R million										
Financial Performance										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	-	-
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
Total Expenditure		-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	-	-	-	-	-	-	-
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Public contributions & donations										
Borrowing										
Internally generated funds										
Total sources		-	-	-	-	-	-	-	-	-
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

Table SA 32 List of External Mechanisms

KZN262 uPhongolo - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand

Table SA 33 Contracts having future budgetary implications

KZN262 uPhongolo - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
		Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand	1,3													
Parent Municipality:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

Table SA 34 a Capital Expenditure on New Assets By Asset Class

KZN262 uPhongolo - Supporting Table SA34a Capital expenditure on new assets by asset class											
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			–	–	–	–	–	–	23,730	23,826	35,239
Roads Infrastructure			–	–	–	–	–	–	14,730	12,826	20,239
Roads									14,730	12,826	20,239
Road Structures											
Road Furniture											
Capital Spares											
Storm water Infrastructure			–	–	–	–	–	–	–	–	–
Drainage Collection											
Storm water Conveyance											
Attenuation											
Electrical Infrastructure			–	–	–	–	–	–	9,000	11,000	15,000
Power Plants									9,000	11,000	15,000
HV Substations											
HV Switching Station											
HV Transmission Conductors											
MV Substations											
MV Switching Stations											
MV Networks											
LV Networks											
Capital Spares											
Water Supply Infrastructure			–	–	–	–	–	–	–	–	–
Dams and Weirs											
Boreholes											
Reservoirs											
Pump Stations											
Water Treatment Works											
Bulk Mains											
Distribution											
Distribution Points											
PIV Stations											
Capital Spares											
Sanitation Infrastructure			–	–	–	–	–	–	–	–	–
Pump Station											
Reticulation											
Waste Water Treatment Works											
Outfall Sewers											
Toilet Facilities											
Capital Spares											
Solid Waste Infrastructure			–	–	–	–	–	–	–	–	–
Landfill Sites											
Waste Transfer Stations											
Waste Processing Facilities											
Waste Drop-off Points											
Waste Separation Facilities											
Electricity Generation Facilities											
Capital Spares											
Rail Infrastructure			–	–	–	–	–	–	–	–	–
Rail Lines											
Rail Structures											
Rail Furniture											
Drainage Collection											
Storm water Conveyance											
Attenuation											
MV Substations											
LV Networks											
Capital Spares											
Coastal Infrastructure			–	–	–	–	–	–	–	–	–
Sand Pumps											
Piers											
Revetments											
Promenades											
Capital Spares											
Information and Communication Infrastructure			–	–	–	–	–	–	–	–	–
Data Centres											
Core Layers											
Distribution Layers											
Capital Spares											
Community Assets			–	–	–	–	–	–	15,574	15,875	9,938
Community Facilities			–	–	–	–	–	–	4,693	6,000	5,500
Halls										5,000	1,500
Centres											
Crèches											
Clinics/Care Centres									1,693	1,000	4,000
Fire/Ambulance Stations											
Testing Stations									3,000		
Museums											
Galleries											
Theatres											
Libraries											
Cemeteries/Crematoria											
Police											
Parks											
Public Open Space											
Nature Reserves											
Public Ablution Facilities											
Markets											
Stalls											
Abattoirs											
Airports											
Taxi Ranks/Bus Terminals											
Capital Spares											
Sport and Recreation Facilities			–	–	–	–	–	–	10,881	9,875	4,438
Indoor Facilities									10,881	9,875	4,438
Outdoor Facilities											
Capital Spares											
Heritage assets			–	–	–	–	–	–	–	–	–
Monuments											
Historic Buildings											
Works of Art											
Conservation Areas											
Other Heritage											
Investment properties			–	–	–	–	–	–	–	–	–
Revenue Generating											
Improved Property											
Unimproved Property											
Non-revenue Generating											
Improved Property											
Unimproved Property											
Other assets			–	–	–	–	–	–	–	5,000	–
Operational Buildings			–	–	–	–	–	–	–	5,000	–
Municipal Offices											
Pay/Enquiry Points											
Building Plan Offices											
Workshops											
Yards											
Stores											
Laboratories											
Training Centres											
Manufacturing Plant											
Depots											
Capital Spares											
Housing			–	–	–	–	–	–	–	–	–
Staff Housing											
Social Housing											
Capital Spares											
Biological or Cultivated Assets			–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets											
Intangible Assets			–	–	–	–	–	–	–	–	–
Servitudes			–	–	–	–	–	–	–	–	–
Licences and Rights			–	–	–	–	–	–	–	–	–
Water Rights											
Effluent Licenses											
Solid Waste Licenses											
Computer Software and Applications											
Load Settlement Software Applications											
Unspecified											
Computer Equipment			–	–	–	–	–	–	321	150	150
Computer Equipment									321	150	150
Furniture and Office Equipment			–	–	–	–	–	–	294	9	–
Furniture and Office Equipment									294	9	–
Machinery and Equipment			–	–	–	–	–	–	5,493	6,470	5,550
Machinery and Equipment									5,493	6,470	5,550
Transport Assets			–	–	–	–	–	–	4,230	200	–
Transport Assets									4,230	200	–
Libraries			–	–	–	–	–	–	–	–	–
Libraries											
Zoo's, Marine and Non-biological Animals			–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals											
Total Capital Expenditure on new assets			1	–	–	–	–	–	49,642	51,530	50,877

Table SA 34 b Capital Expenditure on the Renewal of Existing Assets (by asset class)

KZN262 uPhongolo - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class							2017/18 Medium Term Revenue & Expenditure Framework			
Description	Ref	2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Current Year 2016/17			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1				Original Budget	Adjusted Budget	Full Year Forecast			
Capital expenditure on renewal of existing assets by Asset Class/sub-class										
Infrastructure										
Roads Infrastructure										
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PUR Stations										
Capital Spares										
Sanitation Infrastructure										
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Cone Layers										
Distribution Layers										
Capital Spares										
Community Assets										
Community Facilities										
Halls										
Centres										
Crochets										
Clinics/Care Centres										
First Aid Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Abolition Facilities										
Markets										
Stalls										
Abattoirs										
Alperts										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets										
Operational Buildings										
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Dapots										
Capital Spares										
Housing										
Start Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets										
Biological or Cultivated Assets										
Intangible Assets										
Servitudes										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Local Settlement Software Applications										
Unspecified										
Computer Equipment										
Computer Equipment										
Furniture and Office Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Machinery and Equipment										
Transport Assets										
Transport Assets										
Libraries										
Libraries										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Total										

Table SA 34c Repairs and Maintenance Expenditure (by asset class)

KZN262 uPhongolo - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/sub-class										
Infrastructure		-	-	-	-	-	-	8,503	8,989	9,495
Roads Infrastructure		-	-	-	-	-	-	4,866	5,143	5,431
Roads		-	-	-	-	-	-	4,866	5,143	5,431
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	1,083	1,145	1,209
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	1,083	1,145	1,209
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	2,554	2,701	2,854
Power Plants		-	-	-	-	-	-	2,554	2,701	2,854
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Relocution		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	1,933	2,043	2,158
Operational Buildings		-	-	-	-	-	-	1,933	2,043	2,158
Municipal Offices		-	-	-	-	-	-	1,933	2,043	2,158
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licences		-	-	-	-	-	-	-	-	-
Solid Waste Licences		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-	-	-
Local Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	37	39	42
Computer Equipment		-	-	-	-	-	-	37	39	42
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	162	171	181
Machinery and Equipment		-	-	-	-	-	-	162	171	181
Transport Assets		-	-	-	-	-	-	1,770	1,870	1,975
Transport Assets		-	-	-	-	-	-	1,770	1,870	1,975
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	12,405	13,114	13,850

Table SA 34 d Depreciation by Asset Class

KZN262 uPhongolo - Supporting Table SA34d Depreciation by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation by Asset Class/Sub-class										
Infrastructure		—	—	—	—	—	—	8,340	8,815	9,309
Roads Infrastructure								5,135	5,428	5,732
Roads								5,135	5,428	5,732
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		—	—	—	—	—	—	3,205	3,387	3,577
Power Plants								3,205	3,387	3,577
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Pump Station										
Retreatment										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		—	—	—	—	—	—	—	—	—
Community Facilities		—	—	—	—	—	—	—	—	—
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Abolition Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		—	—	—	—	—	—	—	—	—
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property										
Unimproved Property										
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Improved Property										
Unimproved Property										
Other assets		—	—	—	—	—	—	185	195	206
Operational Buildings		—	—	—	—	—	—	185	195	206
Municipal Offices								185	195	206
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		—	—	—	—	—	—	—	—	—
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets										
Intangible Assets		—	—	—	—	—	—	556	588	621
Services										
Licences and Rights		—	—	—	—	—	—	556	588	621
Water Rights										
Effluent Licences										
Solid Waste Licences										
Computer Software and Applications								556	588	621
Load Settlement Software Applications										
Unspecified										
Computer Equipment		—	—	—	—	—	—	33	36	37
Computer Equipment								33	36	37
Furniture and Office Equipment		—	—	—	—	—	—	39	41	44
Furniture and Office Equipment								39	41	44
Machinery and Equipment		—	—	—	—	—	—	115	122	129
Machinery and Equipment								115	122	129
Transport Assets		—	—	—	—	—	—	98	103	109
Transport Assets								98	103	109
Libraries		—	—	—	—	—	—	—	—	—
Libraries										
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	—	—	—	—	—	—	9,367	9,900	10,454

Table SA 35 Future Financial Implications of the Budget

KZN262 uPhongolo - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		587	-	-				
Vote 2 - Finance and administration		4,187	5,150	150				
Vote 3 - Community and Social Services		125	29	-				
Vote 4 - Sports and Recreation		56	-	-				
Vote 5 - Public Safety		63	900	-				
Vote 6 - Housing		-	-	-				
Vote 7 - Planning and Development		31,476	33,651	35,727				
Vote 8 - Roads Transport		3,500	-	-				
Vote 9 - Energy Sources		9,000	11,000	15,000				
Vote 10 - Waste Management		650	500	-				
Vote 11 - Other		-	-	-				
-		-	-	-				
-		-	-	-				
-		-	-	-				
-		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		49,642	51,230	50,877	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and Council		20,455	21,757	23,124				
Vote 2 - Finance and administration		57,248	60,573	64,344				
Vote 3 - Community and Social Services		7,964	8,486	9,035				
Vote 4 - Sports and Recreation		20,831	21,928	23,065				
Vote 5 - Public Safety		15,012	15,854	16,737				
Vote 6 - Housing		1,762	1,867	1,977				
Vote 7 - Planning and Development		21,644	18,014	19,113				
Vote 8 - Roads Transport		13,580	14,328	15,167				
Vote 9 - Energy Sources		36,706	38,092	39,525				
Vote 10 - Waste Management		17,241	18,222	19,242				
Vote 11 - Other		5,479	5,819	6,175				
-								
-								
-								
-								
<i>List entity summary if applicable</i>								
Total future operational costs		217,922	224,940	237,504	-	-	-	-
Future revenue by source	3							
Property rates		33,493	35,403	37,385				
Service charges - electricity revenue		38,309	41,374	44,684				
Service charges - water revenue		-	-	-				
Service charges - sanitation revenue		-	-	-				
Service charges - refuse revenue		9,994	10,563	11,155				
Service charges - other		-	-	-				
Rental of facilities and equipment		717	758	801				
<i>Interest earned- External investment, Outstanding Debt</i>		12,233	12,930	13,654				
<i>List entity summary if applicable</i>								
Total future revenue		94,747	101,029	107,679	-	-	-	-
Net Financial Implications		172,818	175,142	180,702	-	-	-	-

Table SA 36 Detail Capital Budget

KZN262 uPhongolo - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Parent Capital expenditure	1											-	-	-		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										-	-	-	-	-		

Table SA 36 Detail Capital Budget (Continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand				6	3	3	5								
Technical Services	Creches			Yes	Community	Recreational facilities					800			Ward 9	New
Technical Services	Sport fields			Yes	Community	Sportsfields & stadia					15,000			Ward 10	New
Technical Services	Paving of Main Street - Belgrade			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,860		Ward 5	New
Technical Services	Paving road - ZOC to Simunye			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,860		Ward 13	New
Technical Services	Paving road - N2 to Thandukuhanya			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,860		Ward 7	New
Technical Services	Paving road - Magediela to Simandla Street			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,860		Ward 2	New
Technical Services	Access roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,860			New
Technical Services	Access roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						4,767		Ward 6	New
Technical Services	Access roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						3,814		Ward 9	New
Technical Services	Creches			Yes	Community	Recreational facilities						669		Ward 1	New
Technical Services	Access roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges							28,867	Various	New
Electricity	Installation of electricity infrastructure			Yes	Other Assets	Transmission & Retiulation						13,000	15,000	Various	New
Community Services	Motor vehicle - Pound			Yes	Other Assets	Transportation					350				New
Technical Services	Tipper truck			Yes	Other Assets	Transportation							1,200		New
Community Services	Refuse truck			Yes	Other Assets	Specialised vehicles - Refuse						1,800			New
Technical Services	Plant, machinery and tools			Yes	Other Assets	Plant & equipment						750	750		New
Corporate Services	Generabr			Yes	Other Assets	Plant & equipment					1,000				New
Technical Services	Street sweeper			Yes	Other Assets	Plant & equipment						98			New
Technical Services	Ride-on Grid Compactor			Yes	Other Assets	Plant & equipment						1,100			New
Technical Services	Motor vehicle - 4x bakkies			Yes	Other Assets	Transportation						1,200			New
Technical Services	TLB			Yes	Other Assets	Plant & equipment						686			New
Technical Services	D4 Dozer			Yes	Other Assets	Plant & equipment						1,023			New
Technical Services	Trailer			Yes	Other Assets	Plant & equipment					36				New
Tourism	Parkhome			Yes	Other Assets	Other Buildings					200				New
Financial Services	Accounting software			Yes	Intangibles	Computers - software & programming					2,500				New
Technical Services	Plant, machinery and tools			Yes	Other Assets	Plant & equipment					32				Renewal
Technical Services	Grader			Yes	Other Assets	Plant & equipment							3,600		Renewal
Corporate Services	Computer equipment			Yes	Other Assets	Computers - hardware/equipment						150	150		Renewal
Council	Motor vehicle - Mayor			Yes	Other Assets	Transportation					900				Renewal
Corporate Services	Extension of office buildings			Yes	Other Assets	Buildings					5,000				New
Corporate Services	Electronic Records Management			Yes	Other Assets	Computers - software & programming					1,200				New
Roads	Grader			Yes	Other Assets	Plant & equipment						3,500			New
Parent Capital expenditure									56,104	77,196	82,408	50,767	49,567		-

Table 37 Projects delayed from previous years

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand							Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Technical Services		Community Hall - Ward 12	402/05/14	Community	Community halls			1,751	1,751		-	-
Technical Services		Community Hall - Ward 14	435/10/15	Community	Community halls			2,928	2,928		-	-
Technical Services		Comm unity Hall _ Ward 9		Community	Community halls			2,855	2,855	2,855	-	-
Technical Services		Access Road - Ward 1	436/10/15	Infrastructure - Road transport	Roads, Pavements & Bridges			3,797	3,797		-	-
Technical Services		Access Road - Ward 4	432/09/15	Infrastructure - Road transport	Roads, Pavements & Bridges			4,499	4,499		-	-

ANNEXURE B
AMENDMENTS TO POLICIES

SUPPLY CHAIN MANAGEMENT POLICY

Amendment to section 46:

Declarations in terms of sub-clauses (2)(d) and (e):-

- (a) must be recorded in the register which the Accounting Officer must keep for this purpose;
 - declarations by the Accounting Officer must be made to the Mayor of the Municipality who must ensure that such declarations are recorded in the register.

CASH AND INVESTMENT MANAGEMENT POLICY

6.2 The municipality may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by fluctuations in the value of the Rand against any foreign currency.

6.5 No fee, commission or other reward may be paid to a councillor or official of the municipality or to a spouse or close family member of such councillor, or official in respect of any investment made referred by the municipality.

9.3 Reports:-

9.3.3 The accounting officer of the municipality must within 10 working days of the end of each month, as part of the section 71 report required by the MFMA, submit to the mayor of the municipality a report describing in accordance with generally recognized accounting practice the investment portfolio of the municipality as at the end of the month.

9.1.1 Short-term investments:

- (a) Quotations should be obtained from a minimum of three financial institutions (local banks) for the term of which the funds will be invested.

- (b) Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institution which were approached, should also be asked to quote a rate for the other term.
- (c) Quotations should be obtained in writing or electronically, (email).
- (d) Quotations from institutions must include the following:-
 - i. Name of institution;
 - ii. Name of person quoting rates;
 - iii. Period of the investment;
 - iv. Relevant conditions; and
 - v. Other facts, such as interest payable and frequency.
- (e) Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.
- (f) The best offer must under normal circumstances be accepted, without thorough consideration of investment principles.
- (g) No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- (h) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.
- (i) The financial institution where the investment is made must issue a confirmation stating the details of the investments.
- (j) The municipal manager must make sure that the investment document, if issued, is a genuine document and issued by the approved institution.
- (k) The financial institution, where the investment is made, must issue a certificate for each investment made stating that no commission has, nor will, be paid to any agent or third party, or any person nominated by the agent or third party.
- (l) The municipality must be given a monthly report on all investments.
- (m) The municipal manager must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

9.1.2 Long-term investments:

- (a) Written quotations must be obtained for all investments made for periods longer than twelve months.
- (b) The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirements for the next three years.
- (c) The municipality must within 30 days after an investment with a term of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

9.2 Commission Certificate

The Auditor-General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

9.3 Reports

9.3.1 The council must be given a monthly report on all investments.

9.3.2 A municipality must within 30 days after an investment with currency of 2 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

9.3.3 The accounting officer of the municipality must within 10 working days of the end of each month, as part of the section 71 report required by the MFMA, submit to the mayor of the municipality a report describing in accordance with generally recognized accounting practice the investment portfolio of the municipality as at the end of the month.

ANNEXURE C

IMPLEMENTATION OF MUNICIPAL CHART OF ACCOUNTS

Preamble

uPhongolo municipality was not one of the piloting municipalities.

Progress made to date

- The mSCOA Regulations were table in the council meeting and were approved by the council.
- The terms of reference have been prepared and approved by the council.
- The mSCOA Steering Committee has been established. However, the vacant posts of Corporate and Technical Directors have somewhat affected the progress made to date.
- Workshops organized by National and Provincial Treasury have been attended. Key finance personnel have been trained on mSCOA. However, the other members of the Steering Committee have not yet received training.
- The mSCOA Implementation Plan been prepared and approved by Council. The Plan is modified as new information becomes available.
- uPhongolo Municipality Risk Register has been developed. The following high-level risks have been identified:
 - a) System not function as intended on July 2017.
 - b) Organisation not understanding the mSCOA requirements and therefore incorrect data capturing.
 - c) Readiness of the solution to actually cope with the transactional processing.
 - d) mSCOA not meeting the needs of the internal and external stakeholders.
 - e) Inadequate assurance reviews – independent assessment that the system meets minimum SCOA requirements and is fully compliant.
 - f) Service providers not compliant to the requirements of mSCOA.
 - g) Inadequate capacity (financial and human) to implement the SCOA regulations.
 - h) Resistance or lack of buy-in by relevant stakeholder.
 - i) Security, privacy, integrity and loss of data.
 - j) ICT network capacity – capital budget availability to ensure acquire appropriate hardware infrastructure for mSCOA implementation and to accommodate the “web-based system” required to effectively run the mSCOA compliant solution.
 - k) Inaccurate reporting.
 - l) Delays in reporting.
 - m) Incompatible hardware and/or software.
- Two vendors have demonstrated their systems but not final decision has been taken pending the finalization of the National Treasury transversal tender.
- A new file server and related hardware has been installed.
- The classification of accounts in line with mSCOA is in progress.

mSCOA Implementation Plan

Main Activities & Key Dates

The following are the Activities with the associated Key Dates for the SCOA Implementation Plan for uPhongolo Municipality:

Activity	Action Date	Person Responsible	Progress
Present to Council the SCOA Regulation	30/11/2014	CFO	Presented to Council
Appoint a project sponsor, project owner and project manager	28/02/2015	Municipal Manager	Appointed
Establish an operational project Steering Committee with senior representation from all directorates within the municipality	30/06/2015	Municipal Manager	Established
Develop and approve terms of reference for the Project Steering Committee, including the roleplayers, frequency of meetings, etc.	30/06/2016	Municipal Manager	Done
Incorporate mSCOA responsibilities in the Performance Agreements, Performance Evaluation and other applicable documentation for the Senior Managers.	??	Municipal Manager PMS Officer	To discuss with PMS
Table to Council a High Level Project Plan and obtain approval for implementation.	29/06/2015	Municipal Manager CFO	Presented to Council
Attendance of mSCOA NT/PT training session.	As per NT & PT Schedule(s)	CFO Budget Manager Income Accountant Expenditure Accountant	Ongoing

Activity	Action Date	Person Responsible	Progress
Update of implementation to Council	As per Exco & Council meeting schedule(s)	Municipal Manager CFO	Will be done once PT has advised of selected vendors
Update Vote/Sub-vote to be in line with organizational structure and payroll.	01/07/2015-30/06/2016	CFO Director Corporate Services	Partially done by Payday
Approve revised Votes/Sub-votes as part of roll over Adjustment Budget.	30/12/2016		O/s
Map previous and current year information to SCOA.	30/12/2016	Budget Manager	O/s
Submit Adjustment Budget in SCOA format (GFS classification).	28/02/2017	CFO Budget Manager	O/s
Approval of MTREF 2016/17 – 2018/19 in SCOA format	31/03/2017	CFO	O/s
Compile Annual Financial Statements in current format	31/08/2017	CFO	O/s
Final System decision	31/12/2015	Municipal Manager CFO	Outstanding
Upgrade file server to be fully compliant with mSCOA.	31/12/2015	Sigma IT	Completed

Activity	Action Date	Person Responsible	Progress
Upgrade server room to be fully compliant – fire proof tiles, raised floor, smoke detectors and access control.	31/12/2015	Sigma IT Technical Services Manager	Completed
Backup to a second server not situated on municipal property – secured for IT officials access only.	31/12/2016	Sigma IT	O/s
Develop policies, plans and procedures	31/07/2015	Sigma IT	All policies, plans and procedures developed. IT Master Systems Plan (MSP) to be presented to Council in July 2015

The municipality has budgeted R2,5 million for the mSCOA financial system which will partly be funded from the Finance Management Grant. A new server has been acquired which will be more than adequate for the financial system. The server room has been upgraded in terms of the recommendations of the Auditor General.

ANNEXURE B			
UPHONGOLO LOCAL MUNICIPALITY-TARIFFS OF CHARGES			
PROPERTY RATES			
	APPROVED TARIFF	APPROVED TARIFF	
CATEGORY OF PROPERTY	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Residential	R 0.012683	0.013698	8.00
Municipal	R 0.000000	0.000000	0.00
Business and Commercial	R 0.015854	0.017122	8.00
Vacant Land	R 0.015854	0.017122	8.00
State-Owned	R 0.015854	0.017122	8.00
Rural Communal Land	R 0.015854	0.017122	8.00
Farm used for agricultural purposes	R 0.003171	0.003425	8.00
Farm used for other business and commercial purposes	R 0.015854	0.017122	8.00
Farm used for residential purposes	R 0.012683	0.013698	8.00
Farm not used for any purpose	R 0.015854	0.017122	8.00
Public Service Infrastructure	R 0.003171	0.003425	8.00
Specialised/ special non-market	R 0.015854	0.017122	8.00
For rebates and interest/penalty charges, please refer to the Municipal Property Rates and Credit Control and Debt Collection Policies.			
<i>All the above tariffs are subject to Value Added Tax at Zero rate</i>			
CEMETERY FEES			
NCOTSHANE GRAVEYARD			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Per grave-adult: resident of the municipality	R 693.94	R 739.74	6.60
Per grave-child: resident of the municipality	R 180.81	R 192.74	6.60
Per grave-adult/child: non-resident of the municipality	R 1,508.87	R 1,608.46	6.60
Indigent Burials-residents of the municipality only			
Family combined income p/m-R 0.00-R 3 000.00 per grave-adult	R 0.00	R 0.00	-
Family combined income p/m-R 0.00-R 3 000.00 per grave-child	R 0.00	R 0.00	-
Family combined income p/m-R 3 000.01-R 4 000.00 per grave-adult	R 346.97	R 369.87	6.60
Family combined income p/m-R 3 000.01-R 4 000.00 per grave-child	R 90.41	R 96.37	6.60
Family combined monthly income-R 4 000.01-R 5 000.00 per grave-adult	R 485.76	R 517.82	6.60
Family combined monthly income-R 4 000.01-R 5 000.00 per grave-child	R 126.57	R 134.92	6.60
Pauper burials: Grave cost as mentioned above			
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

PONGOLA GRAVE YARD			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Burial during the week (Monday-Friday)			
Per grave-adult: resident of the municipality	R 1,508.87	R 1,608.46	6.60
Per grave-child: resident of the municipality	R 376.22	R 401.05	6.60
Per grave-adult/child: non-resident of the municipality	R 1,813.29	R 1,932.97	6.60
Double grave-adult/child: resident of the municipality	R 1,207.09	R 1,286.76	6.60
Double grave-adult/child: non-resident of the municipality	R 2,718.61	R 2,898.04	6.60
Burial on a weekend (Saturday and Sunday)			
Per grave-adult/child: resident of the municipality	R 4,531.91	R 4,831.02	6.60
Per grave-adult/child: non-resident of the municipality	R 10,207.00	R 10,880.66	6.60
Pauper burials: Grave cost as mentioned above			
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
BELGRADE GRAVEYARD			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Per grave-adult: resident of the municipality	R 693.94	R 739.74	6.60
Per grave-child: resident of the municipality	R 180.81	R 192.74	6.60
Per grave-adult/child: non-resident of the municipality	R 1,661.75	R 1,771.43	6.60
Indigent Burials-residents of the municipality only			
Family combined income p/m-R 0.00-R 3 000.00 per grave-adult	R 0.00	R 0.00	-
Family combined income p/m-R 0.00-R 3 000.00 per grave-child	R 0.00	R 0.00	-
Family combined income p/m-R 3 000.01-R 4 000.00 per grave-adult	R 346.97	R 369.87	6.60
Family combined income p/m-R 3 000.01-R 4 000.00 per grave-child	R 90.41	R 96.37	6.60
Family combined monthly income-R 4 000.01-R 5 000.00 per grave-adult	R 485.76	R 517.82	6.60
Family combined monthly income-R 4 000.01-R 5 000.00 per grave-child	R 126.57	R 134.92	6.60
Pauper burials: Grave cost as mentioned above			
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
REFUSE REMOVAL			
BELGRADE AREA			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Residential dwellings per bin-removed twice per week-Monday & Friday-p/m	R 118.96	R 128.48	8.00
Businesses per bin-removed twice per week-Monday & Friday-p/m	R 158.61	R 171.30	8.00
Government departments per bin-removed twice per week-Monday & Friday-p/m	R 158.61	R 171.30	8.00
Vacant land-p/m	R 45.21	R 48.83	8.00
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

NCOTSHANE AND PONGOLA TOWN			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Residential dwellings per bin-removed twice per week-Monday & Friday-p/m	R 127.61	R 137.82	8.00
Government departments & businesses per bin-removed daily-p/m	R 180.81	R 195.27	8.00
Businesses-Refuse removal at central point-removed daily-p/m	R 1,595.27	R 1,722.89	8.00
Vacant land-p/m	R 45.21	R 48.83	8.00
Sectional titles per unit-removed twice per week_Monday & Friday-p/m	R 127.61	R 137.82	8.00
Garden refuse removal m³ per load or part thereof	R 127.61	R 137.82	8.00
Building rubble per m³ load or part thereof	R 255.22	R 275.64	8.00
Residential block of flats per unit-p/m	R 127.61	R 137.82	8.00
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
GOLELA/MAGUDU POLICE STATION/ITSHELEJUBA HOSPITAL			
Refuse removal will be charged at cost of contractor plus ten (10) percent (%)			
ELECTRICITY			
BULK CONSUMERS/INDUSTRIAL TARIFFS			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Basic charge per meter-p/m	R 802.00	R 877.39	9.40
Demand charge/Per KVA	R 156.41	R 171.11	9.40
Energy charge/Per KWh	R 0.6747	R 0.74	9.40
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
SPORTS/DOMESTIC CONVENTIONAL			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Basic charge per meter-p/m	R 260.85	R 285.37	9.40
Energy charge/Per KWh	R 1.0964	R 1.20	9.40
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

BUSINESSES/COMMERCIAL CONVENTIONAL			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Basic charge per meter-p/m	R 579.98	R 634.50	9.40
Energy charge/Per KWh	R 1.2179	R 1.33	9.40
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
MUNICIPAL DEPARTMENTS			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Basic charge per meter-p/m	R 260.85	R 0.00	-100.00
Energy charge/Per KWh	R 1.1205	R 1.23	9.40
VACANT LAND/UNDEVELOPED STANDS WITH ACCESS TO THE ELECTRICITY DISTRIBUTION NETWORK			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Basic charge per stand/erf-p/m	R 139.14	R 152.22	9.40
<i>The above tariff is subject to Value Added Tax at fourteen (14) percent (%)</i>			
ELECTRICITY DEPOSIT			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
New connection-adjusted after 2 months of consumption	R 0.00	R 3,000.00	
A deposit based on two months average consumption is payable on all properties with electricity			

MISCELLANEOUS-ELECTRICITY			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
New electricity user charge-new connction to distribution network	R 954.25	R 1,043.95	9.40
Reconnection fees after disconnection for non-payment			
Residential	R 954.25	R 1,043.95	9.40
Businesses	R 1,908.45	R 2,087.84	9.40
Call out fee for a municipal electrician			
Residential	R 954.25	R 1,043.95	9.40
Businesses	R 1,908.45	R 2,087.84	9.40
Testing electrical meters-refundable if 3 % discrepancy in favour of consumer is detected	R 1,308.09	R 1,431.05	9.40
Re-reading on request	R 578.00	R 632.33	9.40
Inspection charges prior to electricity connection			
Residential	R 1,908.48	R 2,087.88	9.40
Businesses	R 3,923.38	R 4,292.18	9.40
Illegal connection or reconnection or tampering with electrical meter	R 0.00	R 5,283.00	-
New electricity connection: all cost plus ten (10) percent (%) handling charge			
<i>The above tariffs is subject to Value Added Tax at fourteen (14) percent (%)</i>			
RENTAL			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Belgrade cluster-per m² per month	R 7.31	R 7.79	6.60
Belgrade MPCC -per square meter of office space per month	R 107.68	R 114.79	6.60
Community hall hire-Magudu and Belgrade			
Refundable deposit	R 265.87	R 283.42	6.60
Type of function: Political meeting	R 929.25	R 990.58	6.60
Church Services	R 309.75	R 330.19	6.60
Weddings/Dancing/Concerts	R 929.25	R 990.58	6.60
Education/club or sports meetings/conferences/seminars	R 309.75	R 330.19	6.60
Any other function approved by Council	R 309.75	R 330.19	6.60
Use of kitchen will be charged at 20% of rental fee			
Community hall hire-Ncotshane			
Refundable deposit	R 604.87	R 644.79	6.60
Use of kitchen will be charged at 20% of rental fee			
Type of function: Political meeting	R 2,113.76	R 2,253.27	6.60
Church Services	R 1,056.88	R 1,126.63	6.60
Weddings/Dancing/Concerts	R 2,113.76	R 2,253.27	6.60
Education/club or sports meetings/conferences/seminars	R 1,056.88	R 1,126.63	6.60
Any other function approved by Council	R 1,056.88	R 1,126.63	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

LIBRARY CHARGES			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Book not returned on time-per book per day	R 2.85	R 3.04	6.60
Damaged/loss book-charge will be the value of book			
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
DUMPING FEES			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
LDV load	R 37.22	R 39.68	6.60
LDV load and trailer load	R 67.81	R 72.29	6.60
8 Ton Truck	R 74.44	R 79.35	6.60
Tractor & Trailer load	R 74.44	R 79.35	6.60
Per tyre	R 37.22	R 39.68	6.60
Dead animal per animal: small dog/cat/poultry	R 74.45	R 79.36	6.60
Dead animal per animal: large dog (equine/bovine)	R 226.00	R 240.92	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
GENERAL			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Extract from bylaws, per page or part thereof	R 21.28	R 22.68	6.60
Searching fees for information after approval	R 45.21	R 48.19	6.60
Valuation Certificate	R 151.56	R 161.56	6.60
Rates Clearance Certificate	R 120.97	R 128.95	6.60
Copy of minutes/agendas/hearings per page	R 30.58	R 32.60	6.60
Copy of Map-A0 colour	R 112.88	R 120.33	6.60
Copy of Map-A0 black/white	R 94.07	R 100.28	6.60
Copy of Map-A1 colour	R 87.79	R 93.58	6.60
Copy of Map-A1 black/white	R 75.25	R 80.22	6.60
Copy of Map-A2 colour	R 68.98	R 73.53	6.60
Copy of Map-A2 black/white	R 56.44	R 60.17	6.60
Copy of Map-A3 colour	R 112.88	R 120.33	6.60
Copy of Map-A3 black/white	R 94.07	R 100.28	6.60
Photocopying-per page-A4 colour	R 4.32	R 4.61	6.60
Photocopying-per page-A4 black/white	R 1.00	R 1.07	6.60
Photocopying-per page-A3 colour	R 5.72	R 6.10	6.60
Photocopying-per page-A3 black/white	R 2.86	R 3.05	6.60
Facsimiles-sending per page to a number starting with 086-colour	R 17.25	R 18.39	6.60
Facsimiles-sending per page to a number starting with 086-black/white	R 11.50	R 12.26	6.60
Facsimiles-receiving per page-colour	R 11.50	R 12.26	6.60
Facsimiles-receiving per page-colour	R 5.72	R 6.10	6.60
Plot per sheet-A0	R 376.24	R 401.07	6.60
Plot per sheet-A1	R 275.91	R 294.12	6.60
Plot per sheet-A2	R 225.74	R 240.64	6.60
Plot per sheet-A3	R 226.00	R 240.92	6.60
Valuation roll-per copy	R 755.10	R 804.94	6.60
Voters roll-per copy	R 603.55	R 643.38	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

TOWN PLANNING			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Application in terms of the Planning and Development Act, 2008 (ACT No.6 of 2008)			
Search fee	R 18.62	R 19.85	6.60
Copies of documents-A4 colour	R 2.33	R 2.48	6.60
Copies of documents-A4 black/white	R 1.15	R 1.23	6.60
Copies of documents-A3 colour	R 3.33	R 3.55	6.60
Copies of documents-A3 black/white	R 1.65	R 1.76	6.60
Amendment of a scheme	R 3,988.20	R 4,251.42	6.60
Consent in terms of a scheme	R 3,988.20	R 4,251.42	6.60
Subdivision of land-basic fee	R 1,329.39	R 1,417.13	6.60
Subdivision land of up to 5 pieces of land plus per subdivision+remainder	R 232.64	R 247.99	6.60
Subdivision of land over 5 pieces of land-basic fee	R 2,658.79	R 2,834.27	6.60
Subdivision of land over 5 pieces of land plus per subdivision+remainder	R 119.68	R 127.58	6.60
Subdivision for Government Subsidised townships for low-income housing project-basic fee	R 219.35	R 233.83	6.60
Per subdivision+remainder	R 22.60	R 24.09	6.60
Cancellation of approved layout plan	R 1,329.39	R 1,417.13	6.60
Consolidation of land-basic fee	R 332.35	R 354.29	6.60
Per component	R 66.46	R 70.85	6.60
Processing of DFA applications	R 6,646.97	R 7,085.67	6.60
Preparation of Service Agreements	R 1,329.39	R 1,417.13	6.60
Relaxation of Municipal Omnibus Servitudes	R 265.88	R 283.43	6.60
Alteration, Suspension and deletion of a condition of Title Relating to land	R 2,658.79	R 2,834.27	6.60
Development situated outside the area of a scheme	R 3,988.20	R 4,251.42	6.60
Alteration, Suspension and deletion of a condition of Approval Relating to land	R 3,988.20	R 4,251.42	6.60
Closure of Municipal Road	R 3,988.20	R 4,251.42	6.60
Closure of Public Place	R 3,988.20	R 4,251.42	6.60
Spot fine applicable to buildings after July 2013	R 6,646.97	R 7,085.67	6.60
Township plans			
Daily rate for Transgression until submission of application for regularisation per day	R 664.70	R 708.57	6.60
Application of relaxing of building line in terms of Town Planning clauses (Advertising cost excluded)	R 1,510.20	R 1,609.87	6.60
Special consent application in terms of section 67 <i>biz</i> of Ordinance 27 of 1949, for each such application (advertising costs excluded)	R 1,510.20	R 1,609.87	6.60
Advertising costs shall be borne by the applicant. Upon confirmation of the application being complete and the 14 day acknowledgement period have lapsed, the Technical Services Department shall, within a period of 14 days, supply the applicant with the text of the notice to be advertised in two official languages of the region, which the applicant shall place on the local newspaper at their cost and serve copies thereof on affected property owners as directed by the Development Officer .			
All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)			

BUILDING PLAN FEES			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Minimum fee	R 784.34	R 836.11	6.60
From 10m ² up to 999m ² per 10m ² or part thereof	R 17.29	R 18.43	6.60
From 1 000m ² up to 4 999m ²	R 1,963.52	R 2,093.11	6.60
For every 10m ² thereafter or part thereof	R 10.63	R 11.33	6.60
From 5 000m ² and more	R 5,614.92	R 5,985.50	6.60
For every 10m ² thereafter or part thereof	R 7.98	R 8.51	6.60
Minor building works according to the National Building Regulation per certificate	R 603.55	R 643.38	6.60
Plans which have lapsed-50 % of fees mentioned above			
Indentification of property boundary beacons	R 1,725.57	R 1,839.46	6.60
Compulsory fee for the use of the sidewalk/road verge to stockpile building materials or other rubble while under construction to comply with all aspects of Safety Regulation, which is refundable after clearing to the satisfaction of the Council and the issuing of occupancy certificate	R 1,254.14	R 1,336.91	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
POUND TARIFFS			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Pound fee-all large livestock each per day or part thereof	R 30.58	R 32.60	6.60
Pound fee-all small livestock each per day or part thereof	R 14.63	R 15.60	6.60
Pound fee-pigs each per day or part thereof	R 21.28	R 22.68	6.60
Grazing, tendering and feeding fees-horses,mules,donkeys,oxen,cows or calves each per day or part thereof	R 14.63	R 15.60	6.60
Grazing, tendering and feeding fees-sheep and goats each per day or part thereof	R 7.18	R 7.65	6.60
Grazing, tendering and feeding fees-pigs each per day or part thereof	R 14.63	R 15.60	6.60
Driving fee (animals to pound) per kilometre	R 2.67	R 2.85	6.60
Driving fee will only be paid to only one person and the maximum kilometres is 28 kilometres. No compensation in respect of the return journey to his home shall be paid to a person driving animals to the pound. If so desired the Pound Master shall immediately pay the driving fees to the person impounding the animals			
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			
TRADE TARIFFS			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Hawkers permit for a resident of the municipality-valid for a year-July-June_fulltime	R 151.56	R 500.00	229.90
Hawkers permit for a non-resident of the municipality-valid for a year-July-June_fulltime	R 151.56	R 1,000.00	559.80
Hawkers permit for a resident of the municipality-valid for a year-July-June_occasional	R 332.35	R 354.29	6.60
Hawkers permit for a non-resident of the municipality-valid for a year-July-June_occasional	R 332.35	R 354.29	6.60
Flammable liquid licences	R 358.92	R 382.61	6.60
Trading licence-small business	R 142.24	R 151.63	6.60
Trading licence-medium business	R 142.24	R 151.63	6.60
Trading licence-big business	R 142.24	R 151.63	6.60
Rent of hawker facility	R 177.64	R 189.36	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			

LANDING FEES ON AERODROME			
	APPROVED TARIFF VAT EXCL.	APPROVED TARIFF VAT EXCL.	
TARIFF DESCRIPTION	01/07/2015- 30/06/2016	01/07/2016- 30/06/2017	% INCREASE(+)/ DECREASE (-)
Aircraft up to 500kg	R 30.58	R 32.60	6.60
Aircraft from 501kg up to 1 000kg	R 51.85	R 55.27	6.60
Aircraft from 1 001kg up to 1 500kg	R 59.82	R 63.77	6.60
Aircraft from 1 501kg up to 2 000kg	R 74.45	R 79.36	6.60
Aircraft from 2 001kg up to 2 500kg	R 90.39	R 96.36	6.60
Aircraft from 2 501kg up to 3 000kg	R 98.38	R 104.87	6.60
Aircraft from 3 001kg up to 4 000kg	R 135.60	R 144.55	6.60
Aircraft from 4 001kg up to 5 000kg	R 164.83	R 175.71	6.60
Aircraft from 5 001kg up to 6 000kg	R 202.08	R 215.42	6.60
Aircraft from 6 001kg up to 7 000kg	R 241.95	R 257.92	6.60
Aircraft from 7 001kg up to 8 000kg	R 271.19	R 289.09	6.60
Aircraft from 8 001kg up to 9 000kg	R 301.77	R 321.69	6.60
Aircraft from 9 001kg up to 10 000kg	R 376.22	R 401.05	6.60
Aircraft from 10 001kg up to 12 000kg	R 392.17	R 418.05	6.60
Aircraft from 12 001kg and above	R 400.17	R 426.58	6.60
PARKING FEES ON AERODROME			
Aircraft up to 2 000kg per hour or part thereof	R 30.58	R 32.60	6.60
Aircraft from 2001kg up to 3 000kg per hour or part thereof	R 45.21	R 48.19	6.60
Aircraft from 3001kg up to 4 000kg per hour or part thereof	R 59.82	R 63.77	6.60
Aircraft from 4001kg up to 5 000kg per hour or part thereof	R 74.45	R 79.36	6.60
Aircraft from 5001kg up to 10 000kg per hour or part thereof	R 120.98	R 128.96	6.60
Aircraft from 10 001kg up to 15 000kg per hour or part thereof	R 164.83	R 175.71	6.60
Aircraft from 15 001kg and above per hour or part thereof	R 172.83	R 184.24	6.60
Property rent for hanger per day or part thereof	R 30.58	R 32.60	6.60
Crop spraying-landing per day or part thereof	R 177.64	R 189.36	6.60
<i>All the above tariffs are subject to Value Added Tax at fourteen (14) percent (%)</i>			